# Annual Report of the State Administration of Foreign Exchange

### 2013



State Administration of Foreign Exchange

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2013

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### Administrator's Message

The year 2013 marked the beginning of implementation of the spirit of the Eighteenth CPC National Congress. Given the domestic and global economic conditions, the CPC Central Committee and the State Council, aiming to pursue scientific development, followed the guidelines for accelerating transformation of the economic development model and the overall principle of seeking progress while ensuring stability and continued to tighten control and remain conscious of the bottom line, thus achieving stable economic and social growth and managing to make a solid start.

In 2013 China saw further improvements in the balance of current accounts, with the surplus reaching USD 182.8 billion, down by 15 percent over 2012, and with the ratio to GDP registering 2.0 percent, down by 0.6 percentage point against 2012. Net inflows were maintained in the capital and financial accounts. It is worth noting that, amid the regional oscillations in the emerging markets in mid-2013, despite fluctuations within a narrow range China saw net inflows of cross-border capital. By the end of 2013, China's foreign exchange reserves totaled USD 3.82 trillion.

The new situation and the new features of China's cross-border capital flows in 2013 were a result of the synergy among real economic development, market expectations, and policy regulation. In terms of the real economy, China's economy took a turn for the better while maintaining stability, with macro fundamentals, such as surpluses in import and export trade and continued net inflows of foreign direct investment (FDI), becoming the primary decisive factors behind the net inflows of China's foreign exchange. In terms of market expectations, through the financial operations market players adjusted the layout of the assets and liabilities in local and foreign

currencies, thus exacerbating the cyclical fluctuations in foreign exchange. In terms of policy adjustments, in May China introduced a management policy for large-scale net capital inflows, which played an active role in preventing illegal capital inflows due to false trading and allowed net capital inflows to fall back to within a reasonable range.

In 2013, amid large-scale inflows of foreign exchange and periodic fluctuations, the foreign exchange administration authorities, aiming to promote a basic equilibrium in the balance of payments (BOP), accelerated the transformation of the concepts and models of foreign exchange administration. We promoted development and transformation through reforms and continued to deepen the reform of the foreign exchange management system and to make innovations therein. We stepped up efforts to streamline administration and to delegate power to lower levels, abide by administration according to the law, and actively facilitate trade and investment. We improved the monitoring and management of cross-border capital flows and strengthened risk responses in order to mitigate systemic and regional risks and their bottom lines, thus further improving the capability of foreign exchange administration to serve the real economy.

Looking ahead to 2014, there is a possibility of either increasing or decreasing the surplus in China's BOP. Compared with 2013, the year 2014 will witness better performance in the global economy, especially in the developed economies. China will fully deepen its reform and make better use of the market, which will be conducive to continuous capital inflows through trading and direct investments; driven by spreads in domestic and international costs, relevant financial operations by companies will lead to more foreign exchange inflows. Meanwhile, as there will be uncertainties regarding the Federal Reserve's QE tapering, the ratio of China's current account surplus to GDP will decline further and the RMB exchange rate will continue to move to a

reasonable and balanced level. As market expectations change, there will be periodic fluctuations in cross-border capital flows.

In 2014 the foreign exchange administration authorities should step up efforts to implement the spirit of the Eighteenth CPC National Congress, the Second and Third Plenary Sessions of the Eighteenth CPC Central Committee, and the Central Economic Work Conference. Following the principle of seeking progress while ensuring stability and promoting reforms and innovations, we should focus on promoting foreign exchange administration reforms and innovations. To be specific, efforts should be made to accelerate the convertibility of the capital account, to continue to streamline administration and delegate power to lower levels, to promote facilitation of trade and investment, and to allow the market to play a decisive role in allocating foreign exchange resources. We should also improve the operations and management of foreign exchange reserves, enhance monitoring, analysis, and the building of an early-warning system for cross-border capital, explore and build a management system for external debts and capital flows under a macro-prudential policy framework to mitigate the risks of bi-directional flows of cross-border capital, thus further strengthening the capability of foreign exchange administration to serve the real economy and to prevent financial risks, and advancing foreign exchange administration to a new high.





### Management of the SAFE



Mr. Yi Gang

Administrator, State Administration of Foreign Exchange (July 2009–)



Mr. Deng Xianhong

Deputy Administrator, State

Administration of Foreign

Exchange

(October 2004–)



Mr. Fang Shangpu

Deputy Administrator, State
Administration of Foreign
Exchange
(June 2006–)



Mr. Wang Xiaoyi
Deputy Administrator, State
Administration of Foreign
Exchange
(December 2007–)



Mr. Li Chao

Deputy Administrator, State
Administration of Foreign
Exchange
(December 2008–)



Mr. Yang Guozhong

Discipline Inspection Group

Leader of the CPC Leading

Group of the SAFE

(September 2011–)



Mr. Huang Guobo
Chief Economist, State
Administration of Foreign
Exchange
(March 2008–)



Ms. Han Hongmei
Chief Accountant, State
Administration of Foreign
Exchange
(November 2012–)

### Major Functions and Organizational Structure of the State Administration of Foreign Exchange

#### I. Major Functions

- 1. To study and propose policy suggestions for reforming the foreign exchange administration system so as to prevent balance of payments risks and to promote an equilibrium in the balance of payments; to study policy measures to make gradual advances in the convertibility of the RMB under the capital account and to cultivate and develop the foreign exchange market; and to provide suggestions to and a foundation for the People's Bank of China to formulate policy on the RMB exchange rate.
- 2. To participate in the drafting of relevant laws, regulations, and departmental rules on foreign exchange administration and to release and carry out those duties related to the regulatory documents.
- 3. To oversee the statistics and monitoring of the balance of payments and external credit and debt, to release relevant information according to the regulations, and to undertake related work with respect to the monitoring of cross-border fund flows.
- 4. To supervise and manage the state foreign exchange market; to undertake supervision and management of the settlement and sale of foreign exchange; and to cultivate and develop the foreign exchange market.
- 5. To supervise and check the authenticity and legality of foreign exchange receipts and payments under the current account according to the law; to implement foreign exchange administration under the capital account according to the law; to continuously improve management work in line with

the process of the convertibility of the RMB under the capital account; and to regulate management of overseas and domestic foreign exchange accounts.

- 6. To implement supervision and inspections of foreign exchange activities according to the law and to punish behavior that is in violation of foreign exchange administration.
- 7. To undertake operations and management of foreign exchange reserves, gold reserves, and other foreign exchange assets of the state.
- 8. To arrange developmental planning, standards, and criteria for IT-based foreign exchange administration and to organize the relevant implementation; and to carry out supervisory information-sharing with related administrative departments according to the law.
- 9. To participate in relevant international financial activities.
- 10. To undertake other matters as assigned by the State Council and the People's Bank of China.

#### II. Internal Departments

In addition to its Communist Party of China (CPC) Committee, the SAFE Head Office consists of nine functional departments, including the General Affairs Department (the Policy and Regulation Department), the Balance of Payments Department, the Current Account Management Department, the Capital Account Management Department, the Supervision and Inspection Department, the Reserves Management Department, the Human Resources Department (the Internal Auditing Department), the Science and Technology Department, and the Supervision Office.

General Affairs Department (Policies and Regulations Department): Carries out routine operational work, such as document management, meeting

arrangements, management of confidential materials and archives, and work concerning security, confidentiality, emergency management, news releases, and so forth; exercises management over financial affairs, assets, and foreign affairs; studies significant issues regarding foreign exchange administration and makes policy recommendations; participates in the drafting of relevant laws, regulations, and departmental rules; examines the legality of regulatory documents and participates in the drafting of important comprehensive documents; and carries out relevant administrative responses to legal suits, administrative reconsiderations, and hearings.

Balance of Payments Department: Undertakes the design and implementation of the statistical systems for the balance of payments, foreign exchange receipts and payments, and foreign exchange settlements and sales, and prepares the relevant statements; conducts monitoring, analysis, and early warnings on cross-border fund flows; exercises supervision and management of the foreign exchange receipts and payments of banks and of the banks' own foreign exchange settlements and sales businesses; and takes responsibility for supervision and management of the state foreign exchange market; and oversees the RMB exchange rate and provides the People's Bank of China (PBC) with recommendations and a basis for formulating RMB exchange rate policies.

Current Account Management Department: Carries out supervision and management of foreign exchange receipts and payments under the current account, examination of the authenticity of foreign currency exchange, and supervision and management of foreign exchange accounts both at home and abroad; undertakes management of market access for the relevant foreign exchange business of insurance financial institutions and management of foreign exchange receipts and payments and foreign currency exchange; and draws up administrative regulations for entry-exit quotas regarding the

carrying and declaration of cash in foreign currencies, and so forth.

Capital Account Management Department: Carries out supervision and management of transactions under the capital account, foreign exchange receipts and payments, foreign currency exchange, and the use of funds and foreign exchange accounts both at home and abroad; carries out registration for direct investments, management of foreign currency exchange, and relevant statistical monitoring in accordance with the law; exercises the relevant management of short-term external debt, contingent liabilities, external claims, and so forth; undertakes management of the registration and statistical monitoring of all of the requirements for the external debt; carries out management of market access for the relevant foreign exchange businesses of non-bank financial institutions other than insurance institutions and management of foreign exchange receipts and payments and foreign currency exchange; and carries out registration and management of foreign exchange receipts and payments related to cross-border investments in securities or derivative transactions.

Supervision and Inspection Department: Carries out foreign exchange inspections, investigates and imposes penalties in accordance with the law on activities in violation of the foreign exchange administration regulations; participates in campaigns to combat underground money shops, assists the public security and judicial authorities in investigating illegal foreign exchange transactions, evasion of exchange controls, fraudulent purchases of foreign exchange, and other illegal foreign exchange activities; and conducts inspections of the foreign exchange receipts and payments of institutions and individuals and of other activities related to foreign exchange operations.

Reserve Management Department: Studies and proposes strategies, principles, and policy recommendations for the operation and management of foreign exchange reserves and gold reserves, and draws up and implements overall

operational proposals; supervises and inspects the operational status of entrusted reserve assets; carries out relevant coordination and cooperation with international institutions, participates in relevant international financial activities, and undertakes relevant work with respect to informational exchanges and cooperation with the Hong Kong SAR, Macao SAR, and Taiwan Province; and studies and draws up principles for the operation of other entrusted foreign exchange assets.

Human Resources Department (Internal Auditing Department): Handles personnel work for the SAFE Head Office and its directly affiliated institutions according to its administrative authority; and undertakes management of retirees of the SAFE and conducts internal audit activities as authorized.

Science and Technology Department: Draws up the science and technology development plan for foreign exchange administration and engages in science and technology development work for the national foreign exchange administration system; studies and formulates standards and criteria for IT-based foreign exchange administration and organizes the relevant implementation; and carries out supervisory information-sharing with the relevant administrative departments according to the law and takes responsibility for the information-security work of the SAFE.

Supervision Office: Under the leadership of the CPC Central Commission for Discipline Inspection and the CPC Leading Group of the SAFE, and under the guidance of the Commission for Discipline Inspection of the PBC, the Supervision Office is responsible for discipline inspection and supervision of the organs of the units directly affiliated with the SAFE, and assists the Commission for Discipline Inspection of the PBC and the Ministry of Supervision's Supervisory Bureau at the PBC to carry out discipline inspection and supervision of the SAFE branches.

The SAFE CPC Committee: Under the leadership of the CPC Leading Group of the SAFE and under the guidance of the CPC Committee of the PBC, the SAFE CPC Committee is responsible for the work of the organs and the Beijing units directly affiliated with the SAFE that are related to Party building, labor unions, the Communist Youth League, women, the United Front, and to provide support to the poor.

#### III. Affiliated Institutions

Four public service units are under the management of the SAFE, including the SAFE Investment Center, the Data Monitoring Center for Foreign Exchange Transactions, the General Services Center, and the Editorial Office of the Foreign Exchange of China Magazine.

SAFE Investment Center: In accordance with the operational strategies and principles of China's foreign exchange reserves and upon approval of the operations of the PBC's foreign exchange deposit reserves under entrustment and so forth, the SAFE Investment Center is responsible for the operation and management of China's foreign exchange reserves and gold reserves. It is also responsible for following, researching, and analyzing the international economic and financial situations, and providing decision-making support for reserves operations; developing a mode for asset management, medium and long-term strategies, and a short-term plan for operations and management of China's foreign exchange reserves and gold reserves, and organizing implementation thereof; determining the overall principles for risk management of reserves operations, establishing a risk management system and an internal control system, and guarding against various risks; developing accounting principles and methods, and, upon approval, organizing implementation thereof; carrying out trade clearing and account management for reserves operations; carrying out entrusted operations and management of reserves assets; expanding innovation in the utilization of foreign exchange reserves, and conducting business related to entrusted loans from the foreign exchange reserves; carrying out work related to coordination and cooperation among international institutions, participating in relevant international financial activities, and engaging in work related to exchanges and cooperation with the Hong Kong SAR, Macao SAR, and Taiwan Province; and researching and drafting other principles for entrusted operations of the foreign exchange assets.

Data Monitoring Center for Foreign Exchange Transactions: Is responsible for drawing up science and technology development plans for the national foreign exchange administration system; studying and formulating standards and specifications for IT-based foreign exchange administration and organizing implementation thereof; ensuring informational security for foreign exchange administration; constructing e-government for foreign exchange administration; undertaking data collection, management, and supervision of foreign exchange businesses; organizing construction and promotion of applications and operations, and maintenance as well as emergency security for the foreign exchange administration IT system and other technological projects; and sharing supervisory information with relevant departments in accordance with the law.

General Service Center: Formulates the procedures, rules, and regulations for the general logistics of the SAFE Head Office, and provides logistical services, document printing, asset management, communications, security and safeguards, reception services, medical and health care, and so forth for the Head Office.

Editorial Office for Foreign Exchange of China Magazine: Is responsible for editing, publishing, and distributing *China Forex*.

### Organizational Chart of the SAFE Head Office and Affiliated Institutions, 2013

#### State Administration of Foreign Exchange

#### Functional Departments and the CPC Committee Secretary Division General Foreign Affairs Division Policy Research Division General Affairs Department (Policies and Regulations Division Regulations Department) Press and Information Division Internal Finance Division Confidentiality and Archives Division Government Procurement Office General Affairs Division Analysis and Forecast Division Balance of Payments Department Balance of Payments Statistics Division **Banking Supervision Division** Exchange Rate and Market Division General Affairs Division Goods Trading Management Division Current Account Management Department Services Trading Management Division Supervision Division General Affairs and Analysis Division **Investment Management Division** Capital Account Management Department External Debt Management Division Capital Market Division General Affairs Division Off-site Inspection and Internal Control Division Supervision and Inspection Department Financial Institutions Inspection Division Non-Financial Institutions Inspection Division Reserve Management Department Identical to SAFE Investment Center General Affairs Division Human Resources Department (Internal Personnel Division Auditing Department) Training and Sector Arrangement Division Internal Auditing Division Science and Technology Department Identical to Monitoring Center Supervision Office Disciplinary Office **Executive Office** SAFE CPC Committee Staff Union

State Administration of Foreign Exchange			
Affiliated Institutions			
SAFE Investment Center	General Affairs Department Asset Allocation Department Investment Management Department External Managers Department SAFE Co-Financing Risk Management Department Operation Department Information Technology Department Human Resources/CPC Committe Internal Audit Department Overseas Offices (in Singapore, Hong Kong, London, New York and Frankfurt)		
Monitoring Center	General Affairs Division Planning Division Science and Technology Management and Information Security Office Data Management Division Application System Division Technology Engineering Division Operation and Emergency Security Division		
General Service Center	General Affairs Division Fixed-Asset Management Division Security Division Internal Financial Office Documentation Service Office		
Editorial Office for Foreign			

Exchange of China Magazine



#### IV. Branch Networks

The SAFE has set up branches or administrative offices in various provinces, autonomous regions, and municipalities directly under the Central Government, as well as in some cities with sub-provincial status. In addition, the SAFE has established a number of central sub-branches and sub-branches in various cities and counties. These branches, central sub-branches, and sub-branches operate on the same premises as the local PBC branches and sub-branches. As of the end of 2013, the SAFE network consisted of the following:

SAFE network	Branches (Administrative Offices)	Central Sub-branches	Sub-branches
Number of institutions	36	307	519

### Organizational Chart of the SAFE Branch Network, 2013

#### State Administration of Foreign Exchange Central Sub-Sub-Branches (Administrative Offices) branches branches General Affairs Division Balance of Payments Division Tianjin Branch Current Account Management Division 1 0 Capital Account Management Division Foreign Exchange Inspection Division Balance of Payments Division (General Affairs Division) Liaoning Branch 12 2 Current Account Management Division Capital Account Management Division Foreign Exchange Inspection Division

	State Administration of Foreign Exchange				
Brai	nches (Administrative C	Offices)	Central Sub- branches	Sub- branches	
3	Shanghai Branch	General Affairs Division Balance of Payments Division Current Account Management Division Capital Account Management Division Foreign Exchange Inspection Division	0	0	
4	Jiangsu Branch	General Affairs Division Balance of Payments Division Current Account Management Division Capital Account Management Division Foreign Exchange Inspection Division	12	41	
5	Shandong Branch	General Affairs Division Balance of Payments Division Current Account Management Division Capital Account Management Division Foreign Exchange Inspection Division	15	92	
6	Hubei Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division Foreign Exchange Inspection Division	12	18	
7	Guangdong Branch	General Affairs Division Balance of Payments Division Current Account Management Division Capital Account Management Division Foreign Exchange Inspection Division Foreign Exchange Business Office	19	65	
8	Sichuan Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	20	16	
9	Shaanxi Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	9	2	
10	Beijing Administrative Office	General Affairs Division Balance of Payments Division Current Account Management Division Capital Account Management Division Foreign Exchange Inspection Division	0	0	

#### State Administration of Foreign Exchange Central Sub-Sub-Branches (Administrative Offices) branches branches Balance of Payments Division Chongqing 8 2 Current Account Management Division Administrative Office Capital Account Management Division Balance of Payments Division (General Affairs Division) 12 Hebei Branch Current Account Management Division 10 75 Capital Account Management Division Foreign Exchange Inspection Division Balance of Payments Division Shanxi Branch 10 Foreign Exchange Administration Division Balance of Payments Division (General Inner Mongolia Affairs Division) 7 11 Branch Current Account Management Division Capital Account Management Division Balance of Payments Division 15 Jilin Branch Current Account Management Division 8 2 Capital Account Management Division Balance of Payments Division (General Affairs Division) Heilongjiang Branch Current Account Management Division 12 14 Capital Account Management Division Foreign Exchange Inspection Division Balance of Payments Division Current Account Management Division Zhejiang Branch 39 Capital Account Management Division Foreign Exchange Inspection Division Balance of Payments Division (General Affairs Division) Fujian Branch Current Account Management Division 7 45 Capital Account Management Division Foreign Exchange Inspection Division Balance of Payments Division (General Affairs Division) Anhui Branch 16 6 **Current Account Management Division** Capital Account Management Division Balance of Payments Division Henan Branch Current Account Management Division 17 16 Capital Account Management Division

	State Administration of Foreign Exchange					
Bran	Branches (Administrative Offices)  Central Sub- branches branches					
21	Jiangxi Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	10	12		
22	Hunan Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	13	3		
23	Guangxi Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	13	7		
24	Hainan Branch	Balance of Payments Division Current Account Management Division Capital Account Management Division	1	12		
25	Guizhou Branch	Balance of Payments Division (General Affairs Division) Foreign Exchange Administration Division	8	0		
26	Yunnan Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	15	20		
27	Tibet Branch	Foreign Exchange Administration	5	0		
28	Gansu Branch	Balance of Payments Division (General Affairs Division) Foreign Exchange Administration Division	13	1		
29	Ningxia Branch	Balance of Payments Division (General Affairs Division) Foreign Exchange Administration Division	4	1		
30	Qinghai Branch	Balance of Payments Division (General Affairs Division) Foreign Exchange Administration Division	2	1		
31	Xinjiang Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	14	4		

### State Administration of Foreign Exchange

		C	_	
Bran	ches (Administrative	Offices)	Central Sub- branches	Sub- branches
32	Shenzhen Branch	General Affairs Division Balance of Payments Division Current Account Management Division Capital Account Management Division Foreign Exchange Inspection Division	0	0
33	Dalian Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	1	3
34	Qingdao Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	0	6
35	Xiamen Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	0	0
36	Ningbo Branch	Balance of Payments Division (General Affairs Division) Current Account Management Division Capital Account Management Division	0	6



### China's Macro Economy

The national economy maintained steady and rapid growth. In 2013, confronted by the complex domestic and international situations, the CPC Central Committee and the State Council thoroughly implemented the spirit of the Eighteenth CPC National Congress, adhered to the key note of seeking improvements while ensuring stability and to the concepts of stable macro economic policies, flexible micro economic policies and fundamental social policies, stability of balanced growth, and the promotion of restructuring and reform, and explored and made innovations in the modes of macro controls. As a result, socioeconomic developments registered modest but steady progress and were off to a good start. In 2013, GDP reached RMB 56.8845 trillion, a year-on-year increase of 7.7 percent.

Industrial production rose steadily. In 2013, industrial added value totaled RMB 21.0689 trillion, up 7.6 percent from 2012. Industrial added value of enterprises above a designated size rose 9.7 percent. Industrial enterprises above a designated size throughout the country achieved total profits of RMB 6.2831 trillion, an increase of 12.2 percent year on year.

Investment maintained relatively rapid growth and market sales increased steadily and rapidly. In 2013, annual total investments in fixed assets reached RMB 44.7074 trillion, an increase of 19.3 percent year on year. The real inflation-adjusted growth rate was 18.9 percent. Total revenue from retail sales of consumer goods was RMB 23.7810 trillion, an increase of 13.1 percent on a year-on-year basis. The real inflation-adjusted growth rate was 11.5 percent.

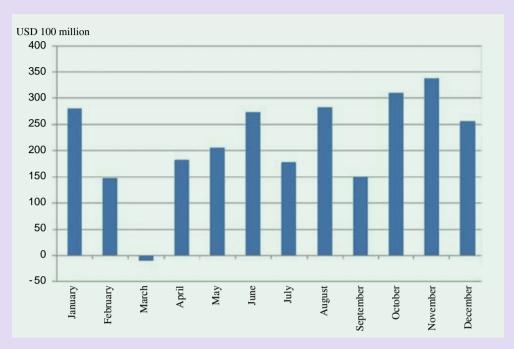
The CPI was basically stable. In 2013, the CPI rose by 2.6 percent from 2012. Specifically, food prices rose by 4.7 percent, the prices of fixed-asset investments by 0.3 percent, and producer prices for agricultural products by 3.2 percent whereas the PPI dropped by 1.9 percent and the IPI by 2.0 percent. At the end of 2013, 65 out of 70 large and medium-sized cities experienced a month-on-

month increase in the sales prices of newly-built commercial housing.

The incomes of urban and rural residents continued to increase. In 2013, the per capita net income of rural residents increased by 12.4 percent year on year to reach RMB 8896, with an actual increase of 9.3 percent after adjusting for inflation. The per capita disposable income of urban residents increased by 9.7 percent year on year to reach RMB 26955, with an actual increase of 7 percent after adjusting for inflation.

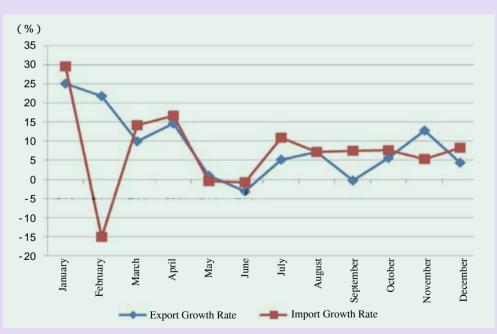
The overall money supply was steady. At the end of 2013, broad money supply (M<sub>2</sub>) posted a balance of RMB 110.7 trillion, a rise of 13.6 percent year on year; the balance of narrow money supply (M<sub>1</sub>) increased by 9.3 percent to RMB 33.7 trillion; and the balance of currency in circulation (M<sub>0</sub>) registered RMB 5.9 trillion, an increase of 7.2 percent. The scale of social financing for the full year reached RMB 17.3 trillion, RMB 1.5 trillion more than that in 2012 as calculated on comparable terms. At the end of 2013 outstanding loans in domestic and foreign currencies of all financial institutions amounted to RMB 107.1 trillion, an increase of RMB 12.7 trillion as compared to the beginning of 2013. Outstanding deposits in domestic and foreign currencies of all financial institutions totaled RMB 76.6 trillion, an increase of RMB 9.3 trillion as compared to early 2013.

Both imports and exports grew steadily. In 2013, the value of goods imports and exports totaled USD 4.16 trillion, an increase of 7.6 percent from 2012. The value of exports increased by 7.9 percent to reach USD 2.2096 trillion, whereas the value of imports increased by 7.3 percent to reach USD 1.9504 trillion. The gap between imports and exports reached USD 259.2 billion, USD 28.9 billion more than that in 2012.



Source: National Bureau of Statistics.

Figure 1 China's Monthly Trade Surplus, 2013



Source: National Bureau of Statistics.

Figure 2 Growth Rates of China's Imports and Exports, 2013

### Global Economic and Financial Situations

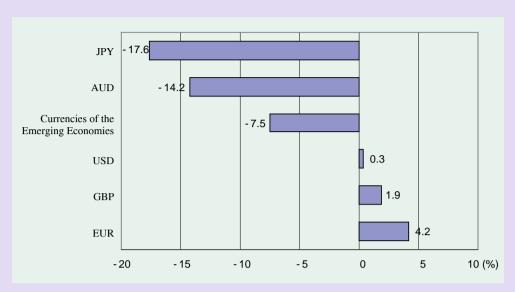
Slow Growth of the Global Economy. According to data from the International Monetary Fund (IMF), the global economy grew by 3.0 percent in 2013. There was a divergence between the performance of the developed countries and that of the emerging market economies. On the one hand, economic growth in the developed countries was recovering. With stronger endogenous momentum from the private sectors, continued recovery of the real estate market, and substantial improvements in the job market, the U.S. economy maintained mild growth, overcoming the unfavorable influence from the fiscal consolidation for the economic recovery. The drag on internal demand caused by the tight fiscal policies within the Eurozone weakened and improvements in competitiveness pushed up external demand. As a result, the economy in the Eurozone gradually reversed its downturn. Benefiting from the super-loose monetary policy and the large-scale fiscal stimulus, both of which are features of Abenomics, the Japanese economy witnessed a strong recovery. On the other hand, with the exit of the quantitative easing (QE) in the U.S., the emerging markets suffered from their most severe capital outflow since 2008, and due to constraints from cyclical and structural factors, as a whole the performance of the economies in the emerging markets was bleak. Among the emerging economies, India, Indonesia, Brazil, South Africa, and Turkey were the most severely impacted, with their currencies suffering serious depreciations.

Continuation of Loose Global Monetary Policies. In 2013, the major developed countries continued implementing loose monetary policies. The Federal Reserve (the Fed) continued its third round of quantitative easing (QE3) and set a quantitative threshold for maintaining low interest rates and guiding the market in the prediction of policy trends according to economic performance. At the end of the year, the Fed announced a tapering of the QE beginning from 2014. After two decreases in the interest rates, the Eurozone

lowered its benchmark interest rate to 0.25 percent and emphasized that the low-interest rate would be maintained for the long term. The Bank of Japan—Japan's central bank—implemented a super-loose monetary policy and planned to double its monetary base and total assets within two years and to shift the target of its monetary policy operations from overnight lending rates to base money. The emerging markets implemented generally loose monetary policies, but with growing expectations that the U.S. would phase out its QE, they were under increasing pressures from capital outflows and some were forced to take measures, such as interest rate hikes, to cope with the situation.

Mild Easing of Global Inflation. Global inflation eased further under the influence of the weak economic growth, declining commodity prices, and so forth. According to the IMF statistics, by the end of 2013 the global CPI had increased by 3.1 percent on a year-on-year basis, down 0.5 percentage point from the beginning of the year; the CPIs in the developed countries and in the emerging markets were down 0.3 percentage and 0.6 percentage point to 1.3 percent and 5.9 percent respectively.

Rises and Falls Coexisted in the Foreign Exchange Markets. Sentiment in the foreign exchange markets was obviously affected by the monetary policies in the developed economies such as the U.S., Europe, and Japan, and the exchange rates of the major currencies fluctuated greatly. The exchange rates of the U.S. dollar against other major currencies first rose then fell, with the 2013 index of the trade-weighted exchange rate for the U.S. dollar rising slightly by 0.3 percent, the exchange rate of the euro against the U.S. dollar appreciating by 4 percent, and the exchange rate of the Japanese yen against the U.S. dollar depreciating greatly by 18 percent. The currencies in the emerging markets were generally weak, with the currencies in Brazil, India, and South Africa depreciating by more than 10 percent.



Note: The exchange rates of the euro, the pound, the Japanese yen, the Australian dollar, and the currencies in the emerging markets are all against the U.S. dollar, which is calculated on the basis of the DXY U.S. dollar index. The performance of the exchanges rates of the major currencies refers to the percentage of change in the exchange rates at the end of the year from those at the end of the previous year.

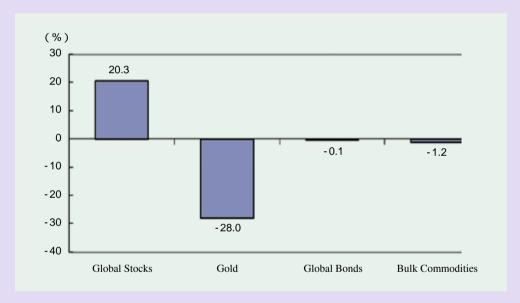
Source: Bloomberg.

Figure 3 Performance of the Exchange Rates of the Major Currencies, 2013

Polarization in the Stock and Bond Markets. In 2013, bond prices in the major developed countries fell across the board, with their yield rates rising rapidly—from the beginning of the year the yield rates of 10-year U.S. and German government bonds rose by 124 and 73 basis points respectively. With regard to stocks, market risk sentiment apparently increased. The stock markets in the developed countries witnessed great increases, with the S&P 500 Index and the DAX Index up 30 percent and 25 percent respectively, and the Nikkei 225 Index—the year's leader among the global stock markets—up 57 percent. The stock markets in the emerging markets showed a generally "V-shaped" movement for the year due to the increased pressures from the capital outflows at mid-year, and the MSCI Emerging Markets Stock Index (denominated in U.S. dollars) was down 5 percent for the year.

A General Decrease in Commodity Markets. In 2013, the S&P-Goldman Sachs Commodity Index (S&P GSCI) decreased by 1.2 percent on a year-on-

year basis. Specifically, gold prices decreased by 28 percent, a record annual decrease during the past thirty years; in the second quarter only, gold prices decreased by 23 percent, the biggest decrease ever in a single season. At the New York Mercantile Exchange (NYMEX), the price of crude oil futures remained steady, with minor fluctuations during the first half of the year but big ups and downs during the second half of the year and closing at around USD 98 per barrel, up 7 percent from the beginning of the year. The prices of agricultural products continued to fall. To be specific, due to an oversupply the price of corn futures decreased by 39 percent for the whole year.



Note: The MSCI Global Equity Indexes, the Barclay Global Aggregate Index, and the S&P-Goldman Sachs Commodity Index (S&P GSCI) have been adopted for global stocks, global bonds, and commodities respectively. Source: Bloomberg.

Figure 4 US Dollar Yield Rates of Different Assets, 2013

#### Appendix The BIS Triennial Central Bank Survey

Starting in 1989, the BIS Triennial Central Bank Survey has been carried out every three years and its results have been announced by the Bank for International Settlement (BIS). The latest survey carried out by the BIS in April of 2013 presented a summary of the global landscape of foreign exchange trading and developments, providing a general reference for participants in the foreign exchange markets. The survey collected foreign exchange trading data provided by 53 central banks and more than 1300 commercial banks and added up the statistics according to where and when the transactions occurred regardless of the direction of the transactions.

A Surge in Global Foreign Exchange Turnover. In April of 2013, the daily average turnover on global foreign exchange markets reached USD 5.3 trillion, up 33 percent from the figure in the previous survey (in April of 2010) and nearly double that in April of 2004. There was an ever-increasing degree of concentration of foreign exchange trading, with the top four global foreign exchange centers, namely the UK, the U.S., Singapore, and Japan, accounting for 71 percent of the total foreign exchange turnover, an increase of 7 percentage points from April 2004.

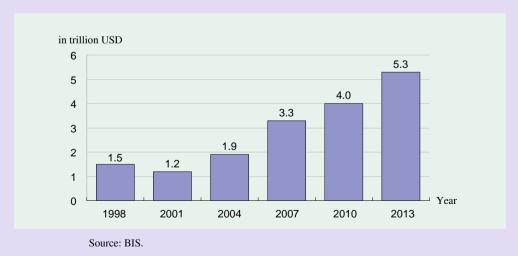


Figure 5 Average Daily Turnover on the Global Foreign Exchange Markets

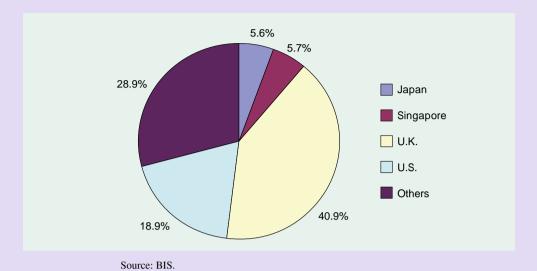


Figure 6 Degree of Concentration of Global Foreign Exchange Trading, 2013

For the First Time the RMB Became One of the World's Top 10 Most-traded Currencies. In terms of daily average turnover, the majority of the world's top ten most-traded currencies are from the developed economies, with the absolutely dominant U.S. dollar accounting for over 80 percent of the daily turnover. In April of 2013, the average daily turnover of the RMB reached USD 120 billion, accounting for 2.2 percent of global foreign exchange markets and becoming one of the world's top ten most-traded currencies for the first time.

Limited Volume of Foreign Exchange Transactions Contributed by Official Entities. The survey indicated that foreign exchange traders and other financial institutions accounted for 91 percent of all participants on the foreign exchange markets. Other financial institutions included small banks, hedge funds, institutional investors, floor traders, official financial institutions, and so forth. Compared with other participants such as hedge funds, typical official entities, including central banks, sovereign wealth funds (SWFs), and so forth, have not been very active, with their average daily foreign exchange turnover in April 2013 contributing less than 1 percent of the total daily turnover on the global foreign exchange markets.

## The Foreign Exchange Administration Situation

## China's Balance of Payments Position

#### I. Basics of the Balance of Payments

In 2013, China's balance of payments again posted a twin surplus under the current and the capital and financial accounts. Specifically, the surplus under the current account totaled USD 182.8 billion, a decrease of 15 percent from the level in 2012. The surplus under the current account accounted for 2.0 percent of GDP, a decline of 0.6 percentage point from the level in 2012, so it still fell within an internationally accepted level. Meanwhile, the surplus under the capital and financial account changed from a deficit of USD 31.8 billion in 2012 to USD 326.2 billion. By the end of 2013, China's foreign exchange reserves reached USD 3.8213 trillion, a rise of USD 509.7 billion over the end of 2012.

#### (I) A tapering of the surplus under the current account

Trade in goods maintained steady growth. According to the statistical coverage of the balance of payments, in 2013 China's goods exports and imports amounted to USD 2219 billion and USD 1859.1 billion, an increase of 8 percent and 7 percent, respectively. The surplus in trade totaled USD 359.9 billion, an increase of 12 percent.

The deficit in trade in services continuously expanded. In 2013, receipts from trade in services reached USD 206 billion and payments from trade in services reached USD 330.5 billion, rising by 8 percent and 18 percent respectively; the deficit in trade in services totaled USD 124.5 billion, an increase by 39 percent. This was mainly due to a deficit of USD 76.9 billion from trade in tourism services and a deficit of USD 56.7 billion from

trade in transport services, which had risen by 48 percent and 21 percent respectively from 2012.

The deficit in income increased significantly. In 2013, receipts and payments in income reached USD185.5 billion and USD 229.3 billion, a rise of 11 percent and 23 percent respectively; and the deficit in income grew 1.2 times to reach USD 43.8 billion.

For the first time there was a deficit in current transfers. In 2013, receipts and payments in current transfers reached USD 53.2 billion and USD 61.9 billion, a rise of 4 percent and 30 percent respectively; the deficit in current transfers amounted to USD 8.7 billion, in contrast to the surplus of USD 3.4 recorded in 2012.

#### (II) The capital and financial account changed from a deficit to a surplus

In 2013, substantial inflows reappeared in the capital and financial account, with inflows of USD 1.7271 trillion and outflows of USD 1.4009 trillion, an increase of 28 percent and 1 percent, respectively, leading to a surplus of USD 326.2 billion compared with the deficit of USD 31.8 billion in 2012.

Direct investments maintained stable growth. In 2013, net inflows of direct investments reached USD 185 billion, a rise of 5 percent year on year. Specifically, net outflows of China's overseas direct investments reached USD 73.2 billion and net inflows of foreign direct investments in China reached USD 258.2 billion, a year-on-year increase of 13 percent and 7 percent respectively.

The surplus in portfolio investments increased substantially. In 2013, the surplus in portfolio investments reached USD 60.5 billion, an increase of 27 percent, of which the deficit in portfolio investment assets amounted to USD 5.4 billion, a drop of 16 percent; whereas the surplus in portfolio investment liabilities reached USD 65.9 billion, an increase of 22 percent.

Other investments returned to a massive surplus. In 2013, driven by the "local currency-oriented assets and the foreign currency-oriented debts" of domestic subjects, other investments, as represented by loans and deposits, witnessed major fluctuations. Other investments changed from net outflows of USD 260.1 billion in 2012 to net inflows of USD 77.6 billion in 2013. Specifically, assets of other investment saw a net outflow of USD 136.5 billion, down 41 percent; and liabilities of other investments went from a net outflow of USD 28.4 billion in 2012 to a net inflow of USD 214.2 billion in 2013.

#### (III) International reserve assets posted marked growth

In 2013, after adjusting for changes in non-transaction values such as the exchange rates and prices, international reserve assets increased by USD 431.4 billion. Specifically, foreign exchange reserve assets formed by transactions registered an increase of USD 432.7 billion, USD 334 billion more than that in 2012; SDRs and the reserve position in the International Monetary Fund registered a net decrease of USD 1.3 billion.

#### (IV) Net errors and omissions on the debit side

In 2013, net errors and omissions reached USD 77.6 billion on the debit side, accounting for 1.9 percent of the combined value of exports and imports of goods based on the balance of payments statistical coverage. This ratio is well within internationally accepted standards.

#### II. Outlook for the Balance of Payments

In 2014, "surplus expansion" and "surplus reduction" factors will coexist in China's balance of payments and the main policy direction be to promote a basic balance of payments and to guard against the impacts and risks of cross-border capital flows.

The current account is expected to maintain a certain surplus but its ratio to GDP will remain at a low level. Trade in goods will remain the major

source of the surplus. On the one hand, as our traditional export markets, the developed countries will perform better than in 2013, which will help improve demand for our exports. Meanwhile, China's economy will maintain steady growth, with a full-year target of about 7.5 percent, and the rise in international commodity prices will lack momentum, so our import growth will be relatively stable. On the other hand, however, the surplus in trade in services (especially under trade in tourism services) may be further expanded because overseas tourism, overseas study, and other consumption items of Chinese residents will still be on the rise. In addition, under the current structure of China's external assets and liabilities, the investment income account will post a certain deficit. As a whole, with the involvement and interactions between the said surplus and deficit accounts, the ratio of the current-account surplus to GDP is expected to remain within internationally recognized reasonable standards.

The overall capital and financial account tends to be volatile. Inflow drivers include: first, domestic economic fundamentals remain favorable, market potential is still huge, and all-round and deep reform is actively advanced, which will further enhance the confidence of international investors and continue to attract long-term capital; second, the major developed economies will continue their policy of low-interest-rate currencies, which will maintain positive interest rate spreads both at home and abroad. Under the situation of "expensive local-currency funds and cheap foreign-currency funds," financial operations of domestic enterprises will have a tendency to attract "local currency-oriented assets and foreign currency-oriented debts"; third, some emerging economies have recently experienced financial market fluctuations due to their own problems, and China's ability to withstand external shocks and risks as become more prominent. But outflow factors also exist. Externally, the Federal Reserve's exit from the quantitative easing monetary policy will be repeatedly hyped by the market, its negative influences will accumulate gradually, and the emerging markets will once again cause shocks

and affect our country. Internally, China will further open to the outside world, promote the convertibility of the RMB capital account, and improve the RMB exchange rate formation mechanism, which will facilitate the balanced development of cross-border capital inflows and outflows. As the RMB exchange rate tends to be rational and balanced, two-way fluctuations of cross-border capital will also be enhanced. But there are still some problems in our economic and financial operations that will easily capture the market's attention and that will require active solutions.



### Box 1 Conducting an Analysis of Regional Foreign Exchange Receipt and Payment Operations to Improve the Quality of Monitoring and Analysis

In order to accommodate to the "five changes" in the concept and style of foreign exchange administration and to improve the monitoring and analysis capability of the foreign exchange administration teams, in 2013 the foreign exchange administration departments conducted an analysis of regional foreign exchange receipt and payment operations. With the report on regional foreign exchange receipt and payment operations as its carrier and "exploring a working mechanism, developing a monitoring team, and building a propaganda carrier" as its objective, the analysis work, on the one hand, is conducive to establishing a monitoring and analysis framework covering the primary business areas of foreign exchange administration at the branch level and to driving the transformation of the concept and style of foreign exchange administration; on the other hand, is beneficial to improving the external transparency of foreign exchange administration, correctly guiding market expectations, and, in particular, establishing an effective mechanism for information exchanges with regulators and local governments.

The said analysis highlights the following characteristics:

First, focusing on mesoscopic analyses to make monitoring and analysis more comprehensive. At the macro level, the main analysis reports published by the foreign exchange administration departments are *China's Balance of Payments Report* and the *Monitoring Report on China's Cross-border Capital Flows*. The former mainly analyzes China's foreign-related economy and balance of payments from the perspective of the balance of payments statistics; and the latter studies the situation of China's cross-border capital flows from multiple dimensions, using data on the balance of payments, cross-border receipts and payments, and foreign exchange settlements and sales. Despite the differences in positioning, both of these are macro aggregate analyses without research or judgments on cross-border capital flows at the mesoscopic level throughout the country. To serve

#### Box 1 (continued)

as useful supplements and evidence for macro aggregate analysis, local features are highlighted, the mesoscopic foreign exchange situation is analyzed, and the characteristics and supervisory emphases in various areas are reflected.

Second, focusing on comprehensive analysis to make monitoring and analysis more systematic. Starting from multiple dimensions, the situation of regional foreign exchange receipts and payments (including the general situation for regional foreign exchange receipt and payment operations) is studied and judged, and an overall assessment is made from the perspectives of the activity level, balance, and volatility. In addition, a structural analysis of trade items and market subjects, such as banks, enterprises, and individuals, and an assessment of regional risks based on foreign exchange inspection results, is carried out. Progress in this work can facilitate a shift in supervisory concepts and increase analyses of factors leading to regional fluctuations and risks, thus making supervision more effective.

Third, focusing on analyses of the supervision of subjects to make monitoring and analysis more relevant. To accommodate the shifts in the concept and style of foreign exchange administration, analysis focuses on the pattern of economic behavior of market subjects (banks, enterprises, and individuals) and their cross-border receipts and payments, foreign exchange settlements and sales, and layout of foreign exchange assets and liabilities. This mode not only provides a better understanding of the overview, characteristics, and compliance situation of market subjects in foreign exchange receipts and payments, but also makes a useful trial shift in the style of foreign exchange administration from behavioral supervision to subject supervision.

Fourth, focusing on regional foreign-related economic analysis to make monitoring and analysis more scientific. How regional foreign exchange receipts and payments operate can comprehensively reflect the regional foreign-related economic activities. Analysis of the regional foreign exchange receipts and

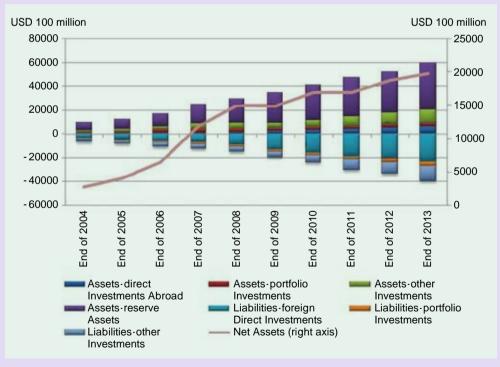
#### Box 1 (concluded)

payments is closely related to changes in the regional foreign-related economic development and is based on the general situation, the industrial distribution, the trading country, the settlement currency, and so forth of the regional foreign-related economic activities. The analysis touches upon the fit between the foreign exchange receipts and payments and the foreign-related economy, pays attention to the influence of adjustments to foreign-related economic policies, especially the foreign exchange administration policy on foreign-related economic development, and reveals the possible risks of foreign-related economic activities while conducting an overall assessment of regional foreign-related economic development so as to provide useful reference for adjustments to the foreign-related economic policies by local governments.

The improved analysis of regional foreign exchange receipt and payment operations not only helps better grasp the structural and regional features of changes in the foreign exchange situation, makes monitoring and analysis more comprehensive and relevant, and effectively supplements macro aggregate analysis, but also significantly raises the level of monitoring and analysis of foreign exchange administrators, vigorously promotes transformation of staff and lays the groundwork for changes in the concepts and modes of foreign exchange administration.

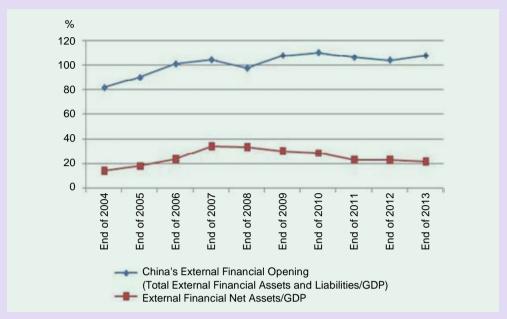
#### China's International Investment Position

External financial opening was enchanced further. As of the end of 2013, China's external financial assets and liabilities totaled USD 5.94 trillion and USD 3.97 trillion respectively, an increase of 14 percent and 19 percent year on year, with the growth rates increasing 4 percentage points and 9 percentage points respectively compared with those in 2012. Meanwhile, external financial net assets reached USD 1.97 trillion, up 6 percent year on year. (see Figure 7). China's external financial opening (i.e., external financial assets and liabilities/GDP) was 108 percent, 4 percentage points higher than the 2012 level; and the ratio of external financial net assets to GDP was 21 percent, a slight decline of 1 percentage point compared to 2012. But China's external financial opening still lagged behind that of the major developed economies (see Figure 8 and Figure 9).



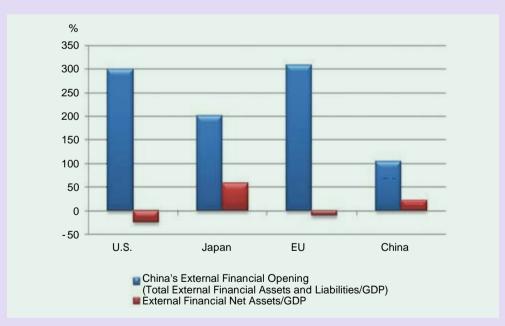
Source: SAFE.

Figure 7 China's External Financial Assets, Liabilities, and Net Assets from Year-end 2004 to Year-end 2013



Source: SAFE.

Figure 8 China's External Financial Opening and the Ratio of External Net Assets to GDP from Year-end 2004 to Year-end 2013



Source: IMF, SAFE, CEIC.

Figure 9 Comparison of External Financial Opening between China and the Major Developed Economies at Year-end 2012

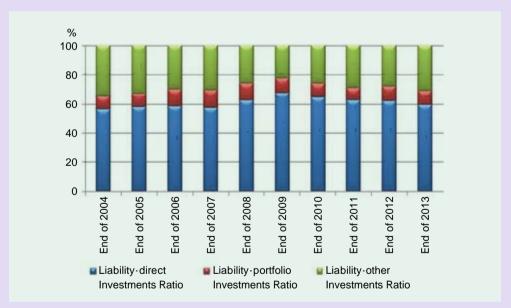
The structure of external financial assets improved. At the end of 2013, China's external direct investments and other investments reached USD 609.1 billion and USD 1.1888 trillion, respectively, accounting for 10 percent and 20 percent of total external financial assets. In 2007 direct investments only accounted for 5 percent of the total and in 2009 the proportion of other investments was as low as 14 percent. Their rising proportions demonstrate that China's "going global" strategy has achieved initial results. At the end of 2013, reserve assets accounted for 65 percent of the total, at USD 3.8804 trillion, a small increase of 0.4 percentage point from 2012 and remaining at a historically low level since 2008. Portfolio investment assets reached USD 258.5 billion and accounted for 4 percent, shrinking slightly by 0.3 percentage point from 2012 (see Figure 10).



Source: SAFE.

Figure 10 Changes in the Structure of China's External Financial Assets from Year-end 2004 to Year-end 2013

External liabilities accounted for a larger proportion. At the end of 2013, China's other investment liabilities (including absorbed currency and deposits, obtained overseas loans, and so forth) totaled USD 1.2309 trillion, accounting for 31 percent of total external liabilities, an increase of 2.9 percentage points from 2012. The main reason for this was the growth in foreign debts resulting from the scaling-up of cross-border trade in RMB, the growth of funds flowing back to China in the form of deposits, and the widening interest spreads between China and foreign countries. Inbound foreign direct investments totaled USD 2.3475 trillion and accounted for 59 percent, 2.6 percentage points less than the 2012 level but still holding a dominant position. External portfolio investment liabilities totaled USD 386.8 billion and accounted for 10 percent, a slight decrease of 0.3 percentage point from 2012 (see Figure 11).



Source: SAFE.

Figure 11 Changes in the Structure of China's External Liabilities from Year-end 2004 to Year-end 2013

The growth rate of external financial net assets slowed down. At the end of 2013, the growth rate of China's external financial net assets dropped by 4.9 percentage points from 2012 (see Figure 12). China's external net assets recorded an average growth rate of USD 276.4 billion in 2004 and USD 1.9716 trillion in 2013, a 27 percent increase in the annual growth rate. The average growth rate between 2004 and 2007 was up 63 percent. Since 2008, China's external financial liabilities have outpaced external assets, and the growth of external net assets has slowed down. This reflects that, on the one hand, the gradual balancing of China's current account and the slowdown in the accumulation of external assets is slowing down; and, on the other hand, the low interest rate and loose liquidity throughout the world and the trends in the general financial operations of "local currency-oriented assets and foreign currency-oriented debts" among home enterprises against the background of the quantitative easing monetary policy pursued by the developed countries.

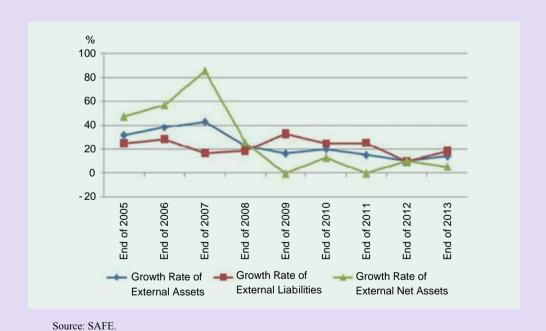


Figure 12 Growth Rate of China's External Assets, Liabilities, and Net Assets from Year-end 2005 to Year-end 2013

#### To a certain extent, external financial assets and liabilities were mismatched.

At the end of 2013, the assets of the monetary authorities accounted for 67 percent of total external assets, financial institutions accounted for 16 percent, and other departments accounted for 17 percent; and the external liabilities of the monetary authorities accounted for 1 percent of total external liabilities, government departments accounted for 2 percent, financial institutions accounted for 25 percent, and enterprises and other departments accounted for 72 percent. Based on the departmental classifications, the external net assets of monetary departments totaled USD 3.94 trillion whereas the external net liabilities of government departments, financial departments, enterprises, and other departments totaled USD 99.2 billion, USD 57 billion, and USD 1.81 trillion, respectively. The external net liabilities of financial departments, enterprises, and other departments in China totaled USD 1.86 trillion, with a focus on the more costly inbound foreign direct investments—the key reason for the large size of China's external net assets but the negative investment yields.



#### China's External Debt

As of the end of 2013, China's outstanding external debt (excluding that of Hong Kong SAR, Macao SAR, and Taiwan Province, the same below) amounted to USD 863.167 billion, an increase of 17.12 percent year on year. Specifically, the registered outstanding external debt totaled USD 526.667 billion and the balance of trade credit between enterprises totaled USD 336.5 billion. With respect to the terms, the amount of outstanding longand medium-term external debt (with the remaining term) was USD 186.542 billion and that of short-term external debt (with the remaining term) was USD 676.625 billion.

In 2013, China's external debt was characterized by the following changes.

First, the total external debt increased rapidly, due primarily to trade-related credit. At the end of 2013, outstanding external debt registered a year-on-year increase of 17.12 percent (up 11.08 percentage points from year-end 2012). Specifically, inter-enterprise trade credit and bank trade financing (time credit and refinancing) contributed 35.66 percent and 35.42 percent respectively to the growth in the outstanding external debt, or a combined 71.08 percent.

Second, the growth of the outstanding external debt of Chinese-funded financial institutions contributed to the increase in the outstanding registered external debt. At the end of 2013, China's outstanding external debt registered a year-on-year increase of 18.22 percent. Specifically, the outstanding external debt of Chinese-funded financial institutions, foreign-funded enterprises, and Chinese-funded enterprises increased by 28.67 percent, 23.82 percent, 8.44 percent, and 3.82 percent respectively, as compared with that at year-end 2012; the outstanding external debt of ministries and commissions directly under the State Council decreased by 6.25 percent as compared with that at year-end 2012. At the end of 2013, the outstanding external debt of Chinese-funded financial institutions increased by USD 58.688 billion as compared with that at the year-end of

2012, contributing 72.29 percent to the growth of the outstanding registered external debt.

Third, the percentage of short-term external debt continued to increase, and bank trade financing began to pick up. At the end of 2013, short-term external debt accounted for 78.39 percent of the total external debt, up nearly 5 percentage points from that at the end of 2012. With respect to the composition of the debt, the balance of trade-related credit was USD 479.139 billion, making up 70.81 percent of the short-term external debt (with the remaining term). Specifically, inter-enterprise trade credit constituted 49.73 percent and bank trade financing accounted for 21.08 percent of the total. At the end of 2013, the balance of the banks' short-term trade financing again showed an upward trend, with a year-on-year increase of 45.48 percent (there had been a slight decline in the balance in 2012).

Fourth, net capital inflows under medium- and long-term external debt increased rapidly. In 2013 new long- and medium-term external debt amounted to USD 51.167 billion, an increase of 29.32 percent year on year; repayment of the principal totaled USD 33.903 billion, an increase of 2.69 percent year on year; interest payments for the long- and medium-term debt were USD 3.43 billion, an increase of 33.88 percent year on year; net inflows under the outstanding long- and medium-term external debt totaled USD 13.834 billion, an increase of USD 9.844 billion, or 246.72 percent year on year.

Initial calculations reveal that the external debt/GDP ratio (i.e., the ratio of outstanding external debt to GDP for the current year), the ratio of external debt/export revenue (i.e., the ratio of the outstanding external debt to the export revenue of trade in goods and services in the current year, which is calculated on the basis of the statistical coverage of the balance of payments), and the debt servicing ratio (i.e., the ratio of the sum of the repayment of the principal and interest of long- and medium-term external debt and the payment of the interest of the short-term external debt to the export revenue

of trade in goods and services in the current year, which is calculated on the basis of the statistical coverage of the balance of payments), and the ratio of short-term external debt to foreign exchange reserves were 9.4 percent, 35.59 percent, 1.57 percent and 17.71 percent respectively. All of these indexes are within the safe range of international standards.



# Trends in the RMB Exchange Rate and Domestic Foreign Exchange Market Transactions

#### I. Trends in the RMB Exchange Rate

(I) The RMB appreciated against the USD. At the end of 2013, the RMB/USD mid-rate was 6.0969, an appreciation of 3.1 percent from that at the end of 2012. Beginning with the reform of the RMB exchange rate formation mechanism in 2005 the cumulative rise in the mid-rate of the RMB against the USD has totaled 35.7 percent.

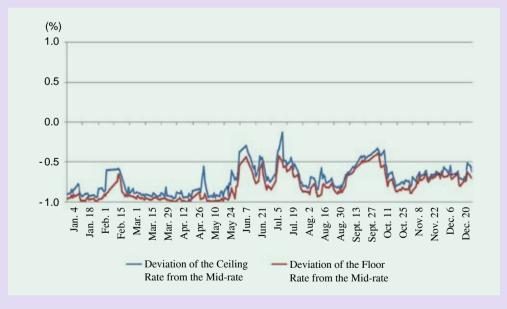
At the end of 2013, the RMB/EUR and the RMB/JPY mid-rates were 8.4189 and RMB 5.7771/100 Yen, respectively, a depreciation of 1.2 percent and an appreciation of 26.4 percent respectively as compared with year-end 2012.



Source: China Foreign Exchange Trade System (CFETS).

Figure 13 Trends in the Mid-Rate of the RMB against the USD, the EUR, and the JPY, 2013

(II) Low elasticity of the RMB exchange rate. In 2013, the average every other day fluctuation of the mid-rate of the RMB against the USD was 33 basis points, lower than the 44 basis points in 2012 and showing a trend of slight fluctuations and a unilateral appreciation. The spot transaction price of the RMB against the USD on the interbank foreign exchange market continuously fell within the mid-rate appreciation range, and throughout the year the largest daily fluctuation of the trading price in comparison to the mid-rate averaged 0.81 percent, higher than the 0.55 percent in 2012. From early 2013 to late May, the trading price was close to the floor within the flotation scope, 1 percent of the mid-rate, and the largest average daily fluctuation was 0.95 percent. Thereafter, affected by changes in market supply and demand, it gradually moved away from the lower limit and was strong or weak within the mid-rate appreciation range. The largest average daily fluctuation was from June to December, at 0.71 percent.



Source: CFETS.

Figure 14 Fluctuations in the RMB/USD Spot Transaction Price in the Interbank Foreign Exchange Market, 2013

(III) The RMB exchange rate was expected to be basically stable. In 2013, both the domestic and overseas forward markets maintained a USD premium from narrow to wide and then back to narrow, mainly reflecting the changes in the local-foreign currency interest rate spread and market supply and demand, and related to the fluctuations in international financial markets. At the end of 2013, in the domestic interbank forward market the overseas deliverable forward market, the overseas non-deliverable forward market, and the one-year USD premium was 450, 460, and 260 basis points, respectively, a decline of 66 percent, 67 percent, and 40 percent, respectively, from year-end 2012. After adjusting for the local-foreign currency interest rate spread, the USD discount and premium in both the domestic and overseas forward markets continued to fluctuate within a narrow range, indicating that the current RMB exchange rate falls within the market-recognized equilibrium range.



Source: CFETS, Reuters.

Figure 15 The One-year USD Premium and Discount Points in the Domestic and Foreign RMB/USD Forward Markets, 2013

(IV) Appreciation in the effective exchange rate of the RMB. According to data from the BIS, in 2013 the nominal effective exchange rate of the RMB against a basket of currencies appreciated by a total of 7.2 percent, with the real figure at 7.9 percent after adjusting for inflationary factors. Since the reform of the RMB exchange rate formation mechanism in 2005, the nominal and real effective exchange rates of the RMB appreciated by a cumulative 32.0 percent and 42.2 percent respectively.



Source: BIS.

Figure 16 Trends in the RMB Effective Exchange Rate, 1994–2013



#### II. Foreign Exchange Market Transactions in China

In 2013, turnover in the domestic RMB foreign exchange market totaled USD 11.2 trillion (with a daily average of USD 47.3 billion), 22.5 percent higher than that in the previous year. In particular, the bank-customer market and the interbank foreign exchange market had turnovers of USD 3.72 trillion and USD 7.53 trillion respectively.<sup>1</sup>

(I) Growth in the turnover in the spot foreign exchange market was restored. In 2013, the accumulated turnover in the spot foreign exchange market recorded USD 7.09 trillion, an increase of 15.3 percent from 2012. Spot foreign exchange settlements and sales of banks (excluding the forward performance) completed a total turnover of USD 3 trillion, a year-on-year increase of 8 percent. Turnover in the interbank spot foreign exchange market totaled USD 4.1 trillion, a rise of 21.4 percent from 2012.

(II) Turnover in the forward foreign exchange market increased by a wide margin. The cumulative turnover in the forward foreign exchange market stood at USD 604.5 billion, 34.1 percent more than that in 2012. Specifically, forward foreign exchange settlements and sales signed between banks and customers totaled USD 572.1 billion, up 57.1 percent from the previous year; Foreign exchange settlements and sales amounted to USD 352.1 billion and USD 220 billion, 94.1 percent and 20.4 percent higher than the figures in 2012 respectively. The cumulative turnover in the interbank forward market stood at USD 32.4 billion, 62.6 percent less than that in 2012.

(III) Turnover in the foreign exchange and currency swap markets increased by a large margin. The cumulative turnover in the foreign exchange and currency swap markets stood at USD 3.48 trillion in 2013, an increase of 36.4 percent year on year. Specifically, foreign exchange and currency swaps

<sup>1.</sup> The bank-customer market uses the total sum of the customers' foreign exchange transactions, whereas the interbank foreign exchange market uses the unilateral trading volume; the same below.

contracted between banks and customers totaled USD 81.6 billion, increasing by 1.8 times from that in 2012. The cumulative turnover in the interbank foreign exchange and currency swap markets stood at USD 3.4 trillion, 36 percent more than that in 2012.

(IV) The foreign exchange options market was more active. In 2013, the options market realized a total turnover of USD 73.2 billion, 1.3 times more than that in 2012. The bank-customer market realized a total turnover of USD 51.4 billion, up 80.4 percent from that in 2012. The interbank options market completed a total turnover of USD 21.8 billion, a 5.5-fold increase compared that in 2012.



# Foreign Exchange Administration under the Current Account

Deepening reform of foreign exchange administration for trade in goods. In 2013, based on implementation of the classified management, the foreign exchange administration departments invigorated large enterprises while relaxing control over small enterprises to further optimize the institutional arrangements for on-site inspections and to improve the flexibility of enterprise classification deadlines. Cooperation with the State Administration of Taxation (SAT) and the General Administration of Customs (GAC) was further deepened. Management of areas under special customs supervision was improved, and the simplified foreign exchange administration policy under the current account for external areas was promoted while retaining the internal preferential policy to solve the inversion of internal and external policies and to further support internal economic development. The foreign exchange registration and annual inspections of areas under special customs supervision were abolished to significantly facilitate corporate and bank operations. Operational rules for risk prevention were drafted to enhance management means and to effectively guard against risks.

Smoothly promoting reform of foreign exchange administration for trade in services on a nationwide basis. On September 1, 2013, the State Administration of Foreign Exchange (SAFE) implemented the reform of foreign exchange administration for trade in services on a nationwide basis to create a new pattern of joint supervision over trade in goods with the tax authorities, to develop and upgrade the foreign exchange monitoring system for trade in services, and to build a new type of foreign exchange administration system for trade in services that effectively integrates facilitation with risk management. The reform canceled the administrative examinations and approvals under the foreign exchange payments for trade

in services. As a result, enterprises did not need to send staff to the foreign exchange administration departments for relevant the procedures, and each deal could save on travel expenses by RMB 30~50; the tax-related archival filings by enterprises were accelerated from over 20 workdays to less than one hour, the period of exchange payments was drastically shortened, and financial costs were significantly lowered; the efficiency of the banks in the handling of business was dramatically improved and trade in services was greatly facilitated. The foreign exchange administration departments actively practiced the "five changes" in the concept and style of foreign exchange management and further adjusted their administrative functions and supervisory priorities, providing conveniences to market subjects while also effectively resisting risks.

Strictly observing the bottom line and actively preventing the risks of cross-border capital flows. In response to the massive net inflows of foreign exchange funds in 2013, in May and December respectively the SAFE unveiled policies to strengthen management of capital inflows to step up the classified management of foreign exchange receipts and payments for trade in goods in key areas and by key enterprises. On the two occasions, the SAFE strengthened management of inflows, played a role in guiding management with macro analysis, relied on the foreign exchange monitoring system for trade in goods, rapidly inspected the classification process by means of risk prompts, accurately fixed the different characteristics of the two inflows, successively initiated two precise strikes at "casting off the real for virtual" trade financing behavior, such as forging trade, long-term credit, and so forth, to practically prevent the risks of cross-border capital flows and to reduce the pressures of capital inflows.

Conducting a pilot program for cross-border foreign exchange payments through e-commerce. The SAFE actively met the requirements of the 12th "Five-Year" Plan for the development of e-commerce, supported the development of the cross-border payment business, and conducted pilots

on cross-border foreign exchange payments through e-commerce at seventeen payment institutions in five areas—Shanghai, Beijing, Chongqing, Zhejiang, and Shenzhen—allowing payment institutions to provide services through banks for centralized foreign exchange collections, payments, and settlements and sales for both parties of small e-commerce trade. The pilot program facilitated cross-border payments and settlements of enterprises and individuals, and allowed payment institutions to deal with cross-border collections, payments, settlements, and sales of foreign exchange for shopping (in small amounts) for air tickets, hotels, and overseas study that previously could only be handled by the banks; meanwhile, the relevant payments basically could be completed within one weekday, greatly shortening the time required to handle such business.

Constantly improving individual foreign exchange administration. The SAFE integrated the relevant data for individual foreign exchange, intensified supervision over all kinds of individual foreign exchange transactions, and embarked on the upgrading and transformation of the individual foreign exchange settlements and sales system in order to refine its statistical analysis, monitoring, and early warning functions. It streamlined administration and delegated power to lower levels. The power of reviewing access to the e-banking system of local commercial banks and foreign banks for the individual foreign exchange settlements and sales system was delegated to their branches to facilitate their handling of individual foreign exchange settlements and sales business. In 2013, the amount of individual foreign exchange settlement and sales business via e-banking increased by a substantial 80.6 percent year on year, accounting for 44.1 percent of the national total.

General ideas about foreign exchange administration under the current account in 2014 are as follows. Accelerating management and functional transformation, further consolidating and deepening the reform results

and optimizing new modes of administration; laying a solid foundation for monitoring and data analysis, enhancing system applications, highlighting supervision over key subjects, exploring effective management methods, and vigorously improving the actual effects of monitoring, analysis, and early warnings; and actively studying cutting-edge issues and trends, further clarifying risk points, strengthening risk prevention, and holding to the risk bottom line while comprehensively promoting facilitation of trade.



# Box 2 Strengthening Classified Management of Enterprises Engaged in Trade in Goods

Affected by domestic and foreign factors, in 2013 China's balance of payments showed heavy net inflows with obvious fluctuations. In the first four months of 2013, the banks' surplus of foreign exchange settlements and sales surpassed that of the entire year of 2012 and was higher than the historic peak value (in 2007) during the same period. Overall, domestic macro fundamentals remained the major determinant of China's net inflows of foreign exchange funds, but changes in the investment and financing environment at home and abroad also had an increasingly obvious impact on our foreign exchange situation. When there were positive interest rate spreads between domestic and foreign currencies and expectations that the RMB would appreciate in both the domestic and overseas markets, in order to maximize their profits market subjects were inclined to borrow lower-cost foreign exchange funds and to convert them to higher-yield domestic currency, which was prominently obvious in the rapidly growing foreign exchange loans, cross-border trade financing and outstanding trade credit, causing the situation of accelerated foreign exchange collections and delayed payments by enterprises and the rapid growth of a surplus in foreign exchange settlement and sales by banks.

In order to prevent the impact of cross-border capital flows, defuse financial risks, and promote sustained and sound economic development, the State Administration of Foreign Exchange (SAFE) decisively initiated a plan to cope with the abnormal cross-border capital flows and strengthened management of foreign exchange capital inflows. An important measure was the strengthening of the classified management of foreign exchange receipts and payments for trade in services by import and export enterprises, which included the following: first, grasping the channels and patterns of abnormal cross-border capital flows and

#### Box 2 (continued)

capturing key areas and suspicious enterprises through monitoring and analysis; second, giving risk warnings and focusing on screening suspicious enterprises and rationally guiding market expectations; third, adhering to classified management and cracking down on illegal and irregular capital flows while supporting the normal operations of those obeying the laws and regulations, focusing on the eight provinces and cities (sub-provincial cities) that contributed 80 percent of the growing surplus in China's foreign exchange settlements and sales in Q1 2013. The special work screened over 4000 enterprises that had a serious mismatch between cargo and capital flows or heavy capital flows and sent them risk warnings. According to the investigation, about 700 enterprises that failed to provide a rational explanation of their suspicious business or irregularities were ranked either Class B or Class C and were strictly supervised in terms of document examinations, business types, and settlement methods of foreign exchange receipts and payments through trade. Driven by tightened management of foreign exchange capital inflows and changes in the international market, the surplus of foreign exchange settlements and sales through trade plummeted in June 2013.

From September to October 2013, net inflows of foreign exchange capital regained momentum, and cross-border carry trade without a real trade background and arbitrage trading appeared. In order to make finance better serve the real economy, contain false trade financing behavior and guard against abnormal cross-border foreign exchange capital flows, the SAFE began another special program in December 2013 to improve foreign exchange administration over the trade financing business of banks. The special work mainly includes: first, banks should step up their examinations of the authenticity and compliance of trade financing, especially long-term trade financing of over 90 days, on the basis

#### Box 2 (concluded)

of actively satisfying the real trade financing requirements of the real economy to prevent enterprises from obtaining bank credits based on fictitious trade backgrounds; second, intensifying the monitoring and inspections of enterprises with an abnormal trade balance, especially those with abnormal growth in the scale of long-term trade financing and typical arbitrage characteristics, and enhancing the classified management of enterprises to create a fair and orderly market environment; and third, imposing stricter penalties on bank and enterprise irregularities. By the end of 2013, a total of 189 illegal enterprises had been punished and 3793 shell enterprises without any actual business had been canceled.



## Box 3 Implementing Reform of Foreign Exchange Administration for Trade in Services to Promote Its Sound Development

Since the 1990s China has gradually formed a foreign exchange administration system for trade in services that centers on ex-ante authenticity and compliance audits. Compatible with China's reform and opening-up and the phased characteristics of development of the services trade, this system has played an active role in guaranteeing the reasonable requirements for cross-border trade in services and in preventing abnormal inflows and outflows of foreign exchange funds. However, with the transformation and upgrading of China's economic structure and the rapid development of trade in services, the original management style can hardly fit with the new situation and timely adjustments and improvements are required. Therefore, the State Administration of Foreign Exchange (SAFE) accelerated its reform of foreign exchange administration for trade in services. Starting from September 1, 2013, it implemented the reform of foreign exchange administration for trade in services on a nationwide scale, with focus on transforming government functions, serving the real economy, and raising the level of facilitation in an effort to create a new system combining facilitation and risk prevention and to promote the sound development of trade in services in China.

The said reform mainly includes the following six features. First, advancing the streamlining of administration and instituting decentralization. Payment approvals for trade in services have been abolished so that all foreign exchange payments of domestic institutions and individuals can be directly handled by financial institutions. Second, canceling the verification of documents for small-value foreign exchange transactions. For each transaction of foreign exchange receipts and payments for trade in services with an equivalent amount of less than USD 50000, in principle there is no need to examine the transaction documents,

#### Box 3 (continued)

but domestic institutions and individuals must keep the related documents of each transaction for reference during the next five years. Due to this initiative, service transactions of domestic institutions that account for nearly 88 percent of annual receipts and payments will be free from document examinations, and the remaining 12 percent that require document examinations by financial institutions will account for 92 percent of the total amount of service transactions by domestic institutions. This approach, focusing on controlling the majority, will help further enhance the efficiency of foreign exchange administration and reduce the social costs. Third, streamlining the verification of documents. For each transaction of foreign exchange receipts and payments for trade in services with an equivalent amount of more than USD 50000, the types of documents examined have been simplified, for example, approvals by most relevant departments, examinations of documents, tax certificates for external payments, and so forth, have been cancelled. Fourth, simplifying and integrating the regulations. The previous 52 laws and regulations on foreign exchange administration have been integrated into a guide to provide detailed operating rules to provide a systematic, clear, and transparent legal basis for foreign-related subjects to handle their foreign exchange business for trade in services. Fifth, relaxing restrictions on overseas deposits of foreign exchange earnings from trade in services and enabling domestic instructions to use foreign exchange funds more effectively. Sixth, laying equal stress on facilitation and risk prevention. Balanced management has been improved and the monitoring of inflows and outflows of foreign exchange funds from trade in services has been enhanced. Ex-post management has been intensified and an off-site supervision system, closely combining macroscopic analyses, mesoscopic monitoring, and microscopic examinations has been established.

#### Box 3 (concluded)

Since its implementation, the reform has greatly facilitated the procedures for the handling of business by both enterprises and banks and has effectively lowered the business costs. Enterprises no longer need to dispatch special staff to obtain administrative licenses for foreign exchange receipts and payments from trade in services, and they can save on the labor and financial costs from traveling back and forth between the company and the foreign exchange administration departments. It is estimated that for each transaction, enterprises can save RMB 30~50 in travel expenses. Banks have ended the examination of documents for small transactions of foreign exchange receipts and payments from trade in services and have simplified the types of documents examined for large transactions. The banks' processing period for small transactions has been reduced from at least 20 minutes to an average of 5 minutes, and large transactions to about 10 minutes for. Next, the SAFE will continue to vigorously promote reform in key areas, transform the concept and style of foreign exchange administration, effectively facilitate the possession and use of foreign exchange by foreign-related subjects, and fulfill tasks to advance reform, promote a balance, and prevent risks.



# Foreign Exchange Administration under the Capital Account

Continuing to improve foreign exchange administration for direct investments and to facilitate investments. The SAFE further simplified and combined features and policies with regard to foreign exchange registration, account opening and utilization, receipt and payment of funds, and settlements and sales of foreign exchange for foreign direct investments. As a result, a registration-focused framework for foreign exchange administration of direct investments has been established. Vigorous efforts were made to implement the reform of the annual inspections on foreign direct investments and overseas direct investments, and to explore the possibility of establishing a sampling survey mechanism for annual inspections in specific regions. The SAFE also adjusted and simplified the financial statements to be submitted by enterprises and accounting firms during the annual inspections, improved methods for the annual inspections and appraisals, increased the proportion of data analysis and surveys, and played a guiding role in shifting the focus of annual inspections to data quality control and data monitoring and analysis.

Intensifying efforts for cross-border credit reform and enhancing the capability to serve the real economy. The SAFE put into practice the simplification of administrative procedures and decentralization, canceled procedures for approving the opening of external debt accounts, foreign exchange settlements, and principal repayments along with interest, and streamlined procedures for the registration and administration of external debts. The SAFE carried out a pilot program for extending small amounts of domestic loans with overseas guarantees. Permission was given to small-and medium-sized enterprises in Guangdong, Zhejiang, Fujian, and Shenzhen to raise loans in domestic and foreign currencies within China or to accept guarantees from overseas institutions/individuals with credit extensions, with

the aim of increasing their financing latitude, lowering their financing costs, and easing their financing difficulties. The SAFE extended nationwide the pilot implementation for extending domestic loans with overseas guarantees to Chinese-funded enterprises, and allowed Chinese-funded enterprises to accept guarantees provided by overseas institutions or individuals for funds within a certain amount raised in China, so as to further reduce the policy differences in the granting of loan extensions to Chinese and foreign-funded enterprises. The SAFE properly expanded the scale of quotas for short-term external debts and the financing of external guarantees granted to domestic financial institutions. More quotas were granted to the central and western regions in a bid to bolster their development of small- and medium-sized enterprises.

Steadily implementing the Qualified Institutional Investor system and facilitating the opening of capital markets to domestic and foreign investors in a progressive manner. The SAFE significantly simplified the foreign exchange administration procedures for overseas listings and overseas derivative businesses, with certain procedures remaining for the verification of some essential elements. Enterprises were granted more latitude to implement crossborder financing and securities investments. Efforts were made to further improve the mechanism for appraising quotas for qualified institutional investors and to amend and refine the principles and procedures for quota administration and approval. Efforts were made to steadily promote the verification of quotas for the Qualified Foreign Institutional Investors (QFIIs), the RMB Qualified Foreign Institutional Investors (RQFIIs), and the Qualified Domestic Institutional Investors (QDIIs), in a bid to facilitate orderly and bi-directional flows of cross-border capital. In 2013, the SAFE approved an investment quota for domestic securities in the amount of USD 12.257 billion for 94 QFIIs (including institutions with added or reduced quotas), an investment quota for domestic securities in the amount of RMB 90.5 billion for 85 RQFIIs (including institutions with added or reduced quotas), and an investment quota for overseas securities in the amount of USD 12.955 billion for 34 QDIIs.

Promoting the development of an information system under the capital account so as to provide a scientific approach and a solid foundation for the deepening of the reform of foreign exchange administration under the capital account. On May 13, 2013, the SAFE began to roll out a nationwide information system under the capital account. In line with the philosophy of "implementing regulation by market players", and taking into account the trends in the reform of the capital account administration, the SAFE pragmatically remodeled and integrated current businesses under the capital account through a simplification of procedures and a re-engineering of processes. After entering into operation, the new system ran smoothly and basically realized the targets of system integration, data sharing, burden alleviation for banks and enterprises, facilitation for market players, and code standardization. This established a solid foundation for the next step in accelerating the process of achieving capital account convertibility.

Establishing and improving the system for ex-post supervision and internal controls of the capital account, and enhancing the performance of duties.

The SAFE promulgated and implemented the Working Mechanism for Expost Supervision of the Capital Account (Trial Implementation), in which the definition, target, and principle of ex-post supervision of the capital account were specified and the organization and implementation of off-site and on-site verifications and measures and requirements for ex-post supervision were standardized, so that specific rules can be followed for ex-post supervision of the capital account. The SAFE also urged its branches to take an initiative to explore the possibility of developing a working mechanism for on- and off-site verifications of the capital account based on the situations within their jurisdictions and to pragmatically shift the focus of administration from exante administrative approval to ex-post statistics, monitoring, and verifications.

General ideas with regard to foreign exchange administration under the capital account in 2014 are detailed as follows. Continuing to deepen the reform of

foreign exchange administration under the capital account in key areas and to promote facilitation of cross-border investment and financing activities, with a focus on realization of RMB convertibility under the capital account. Establishing and improving the system for administration of external debts and capital flows under a macro and prudential administrative framework, constantly enhancing statistics, monitoring, and ex-post supervision of the capital account, and conscientiously facilitating the transformation of the foreign exchange administrative functions under the capital account.



# Box 4 Simplifying Administrative Procedures, Implementing Decentralization, and Facilitating Administration of the Capital Account

In recent years the SAFE has continuously implemented the market-oriented reform and has made great efforts to simplify the administrative procedures and to carry out decentralization under the capital account. Efforts have been made to cancel and decentralize administrative verification procedures, streamline administrative processes, and improve administrative approaches, so as to reduce burdens and to grant more latitude to market players, including banks and enterprises.

First, making great efforts to simplify the administrative procedures for approval, thus creating a framework for administration of the capital account with a focus on registration administration. The SAFE significantly simplified the foreign exchange administration procedures for businesses under the capital account, including foreign direct investments, outward foreign direct investments, external debts of enterprises, overseas listings, hedging of overseas commodity futures of state-owned enterprises, overseas derivative businesses of central enterprises, and stock incentive plans for participation by domestic individuals in overseas listed companies. Except for authenticity verifications in some specific areas, all of the administrative licensing procedures for relevant accounts and exchanges have been canceled. Since the beginning of 2009 the SAFE has reduced the number of sub-items for administrative licensing under the capital account from 59 to 22, representing a 63 percent decrease.

Second, constantly improving administrative approaches and exploring a new administrative model that exerts control over macro-economic areas and lifts restrictions on micro-economic areas. In order to support the "going global" move of domestic institutions and to provide enterprises with investments in overseas countries with preferential policies by means of domestic credits, the SAFE significantly improved the administration of external guarantees. As a result, deal-

#### Box 4 (continued)

by-deal verifications for the provision of financing external guarantees by domestic financial institutions were replaced by balanced management. The SAFE also provided reduced the threshold for relevant qualifications, simplified administrative processes, and cancelled performance approvals. In 2012, the SAFE delegated verification authority for providing quotas for financing external guarantees for some financial institutions to its local branches. Presently, the SAFE implements scaled administration on short-term external debts of domestic financial institutions, bi-directional cross-border portfolio investments (including QFIIs, RQFIIs, and QDIIs) and provision of external guarantees for domestic institutions. Most of the micro-economic restrictions on relevant accounts and exchanges have been lifted.

Third, accelerating reform in key areas to serve the real economy and the development and opening of the capital market. Since the beginning of 2009 the SAFE has actively promoted implementation of policies for Chinese enterprises to borrow short-term external debt, accept overseas guarantees with loans borrowed domestically, and receive RMB loans with foreign exchange as collateral, thereby improving the external financing environment for Chinese enterprises. In 2012, the SAFE removed some restrictions on administration of external guarantees by individuals. Individuals within China are allowed to provide guarantees as coguarantors. In 2013 the SAFE launched a pilot program for extending domestic loans in small amounts with overseas guarantees in an effort to support the development of the private economy and small- and medium-sized enterprises. At the end of 2012 the SAFE launched pilot operations for centralized management of foreign exchange funds for multinationals in Beijing and Shanghai. The pilot enterprises are allowed to manage their foreign exchange funds both at home and abroad in a centralized manner and to settle with offset balances. Quotas for external debts and loans are shared within the enterprises. The SAFE scaled up pilot operations in 2013, thus greatly revitalizing the market. Consistent efforts were

#### Box 4 (continued)

made to improve the system for portfolio investments by qualified investors. The SAFE successively raised the upper limits of the investment quotas for special QFIIs, such as sovereign QFIIs and the central bank, lifted restrictions on sources of funds for QDIIs and exchanges, and promoted facilitation of bi-directional cross-border portfolio investments. Meanwhile, by controlling the pace of the investment quota verification, the SAFE provided more quotas to medium- and long-term institutional investors, such as insurance funds, pension funds, and sovereign investment funds.

The simplification of the administrative procedures and the implementation of decentralization justified the move of the foreign exchange authorities to proactively change management methods from the top to the bottom based on changes in circumstances, shifting the focus of administration from ex ante to ex post, shifting administration from administrative examination and administration based on the nature of the transactions to statistics, monitoring, off-site verifications, and supervision by entities, and transforming the legal system from a positive list to a negative list. On the whole, these measures achieved satisfactory social effects. First, with the introduction of these measures, a much shorter period of time was required for market players such as enterprises to handle their business, thus cutting the costs of business operations and effectively facilitating investments. For example, with the adoption of measures for simplifying administrative procedures and implementing decentralization, many administrative procedures were cancelled and applications materials were simplified and applications forms were standardized, resulting in a marked decrease in the time required for the relevant businesses. Statistics show that with the introduction of these measures, it takes foreign-funded enterprises an average of 25 minutes to complete the procedures for foreign exchange registration, a 16.7 percent decrease from the pre-reform period; it takes the SAFE an average of 5 minutes to confirm and register the capital contributions of foreign investors, a 66.7 percent decrease from the pre-reform period. This has also significantly

#### Box 4 (concluded)

lowered the transportation and labor costs of enterprises going back and forth between the foreign exchange administration authorities and the banks. Second, the measures increased the efficiency of banks and standardized their operations. The simplification of the administrative procedures and the decentralization have encouraged banks to expand their business related to the capital account and the external debt, providing a stimulus for market competition and resource allocations; the measures imposed more stringent standards on the compliance of banking business. Banks have become more rigorous and prudential in examining foreign exchange settlements of capital. Third, the measures stimulated the transformation of foreign exchange operations under the capital account and of personnel management, which helped enhance the capacity to prevent macro risks. With more human resources re-allocated from the ex-ante approval procedures, the measures play an active role in utilizing resources for ex post monitoring, analysis, and verification.



## Box 5 The Capital Account Information System is Launched to Support the "Five Changes"

The capital account information system was successfully launched nationwide on May 13, 2013, based on the prior pilot program conducted in the four regions of Liaoning, Zhejiang, Shaanxi, and Dalian. In line with the philosophy of "implementing regulation by market players," the demand for reforming capital account administration and taking future trends into consideration, the SAFE substantially remodeled and integrated current businesses under the capital account through the simplification of procedures and the re-engineering of processes and created a platform for participants that dynamically monitors cross-border capital transactions during the entire process, thus creating conditions for "achieving implementation of supervision by entities," and offers approaches to transform from ex-ante approvals to ex-post monitoring and to further streamline administration and delegate power to lower levels. In so doing, four objectives have been achieved, i.e., system integration, data sharing, easing the burdens on banks and enterprises, and standardization of codes.

System integration. The capital account information system has achieved full system integration by integrating the five existing systems under direct investments, external debts, high frequency debts, accounts, and capital markets into the statement, and supplementing eleven business lines with no IT support, including guarantees, overseas listings, and QFII/QDII/RQFII, which enables the information system to fully reflect all the cross-border investments and financing activities and equity-related relationships of the same market player, thus creating better conditions for implementing regulation by market players.

Data sharing. As the first system of the State Administration of Foreign Exchange (SAFE) that fully achieves inter-system data sharing, the system enables the sharing of information regarding records, accounts, and transactions, thus significantly

#### Box 5 (continued)

reducing the submission burden of banks. In the meanwhile, the comprehensive sharing of the accounts and of the transaction information encourages banks to cross-check the data prior to submitting them to the foreign exchange administration authorities, thus effectively improving the accuracy and availability of data.

Relieving the burdens on banks and enterprises. Since the launch of the system, the banks' agency trade data and business data, including external debts and guarantees, have been collected from banks' business system and imported via a data interface, thus significantly reducing the recording burden on the banks as well as the error rate. A total of 32 capital account statements to be submitted by banks have been removed, the recording of item-by-item information regarding account receipts and payments has been canceled and instead data such as the BOP and data on domestic transfers and settlements and sales of foreign exchange under the capital account have been used. In addition, many types of capital account businesses can be processed at the banks, with no need for the enterprises to frequently go back and forth between the foreign exchange administration authorities and the banks, thus significantly reducing the burdens on banks and enterprises.

Code standardization. The launch of the system helps standardize the codes and elements in the documents of foreign and domestic players, with categories such as industry, currency, and country subject to national standards or to the SAFE's uniform standards, thus laying a solid foundation for horizontal comparisons of system data and for deepening data sharing.

The system gives full informational support to regulation by market players. By collecting and fully using information from other relevant systems, the system

#### Box 5 (concluded)

provides a full picture of foreign exchange receipts and payments, such as cross-border financing and investments and foreign exchange assets and liabilities of various regulatory objects, which is favorable for assessing the compliance of players in foreign exchange operations and offers effective drivers for regulation by market players, thus enabling "liberalization, clarification, and controllability." The association between registration information and transaction information offers approaches to effectively monitor the compliance of market players by the foreign exchange administration authorities and significantly reduces the burdens on banks and enterprises.

Looking ahead, the SAFE will focus on improving the quality of data and will deepen utilization of the data to continue to improve the capital account information system. Specifically, the SAFE will urge banks to enhance the quality of the data while it is cleaning and checking the stock data; meanwhile, efforts will be made to require banks to deepen utilization of the data and to improve the indicators and statements, thus enabling massive data to serve the needs of management and monitoring.



# Statistics and Monitoring of the Balance of Payments

#### Improving the statistical and declaration systems for the balance of payments.

As required by the Legislative Affairs Office of the State Council, the SAFE revised and promulgated the *Measures for the Statistics and Declaration of the Balance of Payments* in the form of a decree of the State Council, which followed the underlying trend in the rapid development of the foreign-related economy and met the requirement for the monitoring of cross-border capital flows. The SAFE formulated and promulgated the *Statistical System for External Financial Assets, Liabilities, and Transactions.* The SAFE clarified the requirements for the statistics and the declaration of the balance of payments of the headquarters of multinationals and some payment institutions for conducting centralized receipts and payments of foreign exchange funds and carrying out foreign exchange payments for cross-border e-commerce. The SAFE also studied the statistical and declaration requirements for the pilot policy on the balance of payments, implementation of the Shanghai Free Trade Zone, and domestic foreign exchange transactions.

#### Improving statistical and compilation approaches for the balance of payments.

The SAFE formulated a plan for implementation of the *Balance of Payments* and the International Investment Position Manual (6th Edition), in which the methodologies and work plan for improving the statistical system of the balance of payments were formulated. Efforts were made to study the relationship between foreign exchange collections and payments of foreign trade enterprises and trade credits and to carry out research projects on the sampling survey, statistics on trade credits, and systemic adjustments. Efforts were made to enhance the verification of statistical and declaration data on the balance of payments in order to improve the quality of the relevant data.

Further improving the sensitivity and foresight of monitoring and analysis.

Combining dynamic and in-depth analysis, the SAFE closely tracked and evaluated foreign exchange receipts and payments, explored changes in circumstances, such as the fiscal and monetary policies of the developed countries, and paid timely attention to new issues such as trade arbitrage and false intermediary trade and analyzed their impact on the flow, scale, and channels of cross-border capital. Meanwhile, combining qualitative and quantitative analyses, the SAFE conducted quantitative analyses of the primary channels of cross-border capital flows and quantitative forecasts, tracking, and adjustments for future changes in circumstances. Efforts were made to open up new horizons for analysis and to carry out comprehensive analyses of foreign exchange receipts and payments with the help of data related to the banks' settlements and sales of foreign exchange and cross-border receipts and payments and technical analyses of the foreign exchange market.

Increasing data transparency and timeliness in the release of data. Data on the banks' settlements and sales of foreign exchange and on RMB deposits by non-residents were released for the first time. A plan for the release of data associated with the balance of payments in RMB and the release of monthly data on trade in services was worked out. The SAFE also described China's balance of payments and cross-border capital flows and actively responded to social concerns by making full use of China's Balance of Payments Report and China's Cross-border Capital Flow Monitoring Report. The SAFE studied the possibility of incorporation of China's relevant statistics into the Special Data Dissemination Standards (SDDS). Efforts were made to increase the timeliness of the release of data. As a result, formal data on monthly settlements and sales by banks, foreign-related receipts and payments on behalf of customers, and quarterly balance of payments statements of China were released one week in advance as compared with 2012. Formal data on the quarterly international investment position sheets were released two weeks in advance as compared with 2012.

General ideas on statistics and monitoring of the balance of payments in 2014

are detailed as follows. Putting into practice a new version of the statistical system for the balance of payments, with a focus on the Statistical System for External Financial Assets, Liabilities, and Transactions and the Classifications and Codes of Foreign-related Receipts and Payment Transactions; completing preparations for incorporation into the SDDS; publishing the Balance of Payments Manual (6th Edition); releasing data related to the balance of payments in RMB as planned; further increasing data transparency and releasing data on monthly trade in services on a timely basis; continuing to conduct bi-directional monitoring of the inflows and outflows of cross-border capital, and constantly improving the monitoring, analyzing, and forecasting methods for early warnings; and continuing to interpret major changes and hot issues on China's cross-border capital flows and responding actively to social concerns.



## Box 6 Amending the Measures for the Statistics and the Declaration of the Balance of Payments

In order to comprehensively reflect China's foreign economic situation and to provide a basis for macro-economic decision-making, and with the approval of the State Council, the People's Bank of China issued the *Measures for the Statistics and the Declaration of the Balance of Payments* (hereafter referred to as the *Measures*) in 1995. To further comply with the trend in the rapid development of China's foreign economy, to meet the new requirements for transforming the mode of foreign exchange administration, and to strengthen monitoring and analysis of cross-border capital flows, the Premier of the State Council Li Keqiang signed Decree No. 642 of the State Council and published the amended *Measures* on November 9, 2013. The *Measures* were amended in the following six areas.

First, explicitly extending the scope of statistics to the external financial assets and liabilities of Chinese residents. In the past, various countries including China paid more attention to the scale of cross-border capital flows and less attention to the stock of external financial assets and liabilities. The original *Measures* only provided statistical requirements for the external assets and liabilities of some financial institutions in some specific clauses, but failed to fully cover the external assets and liabilities of other types of institutions and individuals. The IMF's *Balance of Payments and the International Investment Position Manual (6th Edition)* places special emphasis on the statistical requirements for the stock of external financial assets and liabilities. Correspondingly, these amendments to the *Measures* specifically add to the clause on the statistical scope of the balance of payments content related to the statistics on the external assets and liabilities of Chinese residents.

Second, expanding the declaration subjects from Chinese residents to non-Chinese residents with economic transactions within the territory of China. The original *Measures* provided that only domestic institutions and individuals be declared, but with the continuous expansion of China's foreign economic exchanges, the

#### Box 6 (continued)

economic transactions of overseas institutions and individuals have been growing rapidly. Therefore, in order to remain well informed about China's balance of payments transactions overseas institutions and individuals should also be included in the scope of the statistics and the declarations. It is worth noting that as overseas Chinese have been residing outside of China for a long time and most of their economic interests are in other countries, they should be deemed to be non-Chinese residents. If they have economic transactions with Chinese residents within China and it is difficult to gather high-quality statistical data from the Chinese residents, then they are required to perform the declaration obligation. But they do not need to make the declaration for all their economic transactions with other non-Chinese residents outside of China as these transactions are beyond the scope of the BOP declarations as prescribed in China.

Third, increasing the declaration requirements for institutions providing registration, settlement, and custody services. The original *Measures* mainly emphasized declarations by direct participants of both parties. With the increasingly diversified types and modes of foreign trade, new products, and businesses, such as cross-border securities investments, e-banking, financial derivatives, and bank cards, are constantly emerging. Since numerous declaration subjects are involved and take the convenience and accuracy of the data collection into consideration, collecting data from intermediaries that provide registration, settlement, and custody services can save on social costs and relieve the submission burden on the declaration subjects.

Fourth, increasing the declaration obligation of Chinese individual residents holding external financial assets and liabilities. As China opens wider to the outside world, the stock of external financial assets and liabilities of domestic individuals is increasing, but in practice these data cannot be collected entirely through financial institutions. To ensure the integrity of the balance of payments statistics, they have to be incorporated into the range of statistical monitoring.

#### Box 6 (concluded)

Fifth, comprehensively clarifying the confidentiality duty of various institutions related to the collection of the balance of payments statistics. In order to eliminate concern among the declaration subjects about data leakage and to facilitate their better performance of the declaration obligations, the original *Measures* provided that balance of payments statisticians shall be responsible for keeping the declared data confidential. The amendment re-emphasizes that the data collected can only be applied to balance of payments statistics, and has wider coverage by stipulating that banks, dealers, and institutions providing registration, settlement, and custody services shall keep the concrete data (declared by the declarers) that they learned during the handling of the business process strictly confidential.

Sixth, amending the relevant penalty provisions in the original *Measures*. The *Measures* emphasized that Chinese or non-Chinese residents who fail to declare the balance of payments statistics as required shall be punished by the SAFE or by its branches in accordance with Article 48 of the *Regulations of the People's Republic of China on Foreign Exchange Administration*. Meanwhile, the amendments cancel the inapplicable penalty clauses in the original *Measures*, and simplify the text description to be consistent with the *Regulations of the People's Republic of China on Foreign Exchange Administration* and to be easily followed in practice.



### Box 7 Brief Introduction to the Statistical System for External Financial Assets, Liabilities, and Transactions

With the expanding scale of foreign-related financial transactions and the increasing convertibility of the capital account in China, a monitoring system that covers foreign-related businesses of micro entities is needed to accelerate the transformation of foreign exchange administration and to strengthen supervision over the relevant entities. In December 2013 the SAFE promulgated the *Statistical System for External Financial Assets, Liabilities, and Transactions* (hereinafter called the *System*, which will take effect as of September 1, 2014). In line with the statistical principle and standards for the *Balance of Payments and the International Investment Position Manual* (6th Edition) published by the IMF, the *System* is an integral part of China's statistical system for the balance of payments and a fundamental institutional arrangement for the statistics and monitoring of cross-border capital flows.

Formerly, the System was the Operating Rules on the Declaration of Overseas Assets and Liabilities, and Profits and Losses, of Financial Institutions as implemented in 1996 (hereinafter referred to as the Operating Rules). As compared with the Operating Rules implemented in 1996, the System makes significant improvements in terms of the entities, contents, and frequency of the declarations, which are detailed in the following three areas: First, the entities for declaration include domestic institutional entities engaging in banking, securities, insurance, other financial intermediary business, domestic reporting branches and sub-branches of overseas financial institutions, and other designated entities, with sufficient space reserved for the an expansion of the declaration entities. Second, the contents of the declaration have been expanded from the former stock of external financial assets and liabilities to the stock and flow of external financial assets and liabilities and other related transactions in the balance of

#### Box 7 (continued)

payments, and key information, including the nationality, currency, and term and department of the counterparty, is also collected. This is not only to be used for compilation of the detailed classified sheets on the balance of payments, but also for various statistical, monitoring, and analytical needs. To ensure the international comparability and of the statistics and *System* stability, the system includes data submission requirements in line with international standards on some specific items in which there are differences between the domestic and international standards. Third, data will be declared on a monthly basis as a substitute for the previous quarterly basis so that it will be consistent with the frequency of data collection of other statistical and declaration systems for the balance of payments and will better meet the requirements for overall benchmarks and high-frequency monitoring of cross-border capital flows.

In addition to increased completeness and foresight in the content, the *System* has taken into consideration the actual operations of the declaration entities. With the solicitation of opinions from relevant ministries and commissions and various kinds of financial institutions across China and on-site surveys, the classification of statements included in the *System* is consistent with the business divisions and the accounting treatments inside the enterprises, which can be used to collect data on foreign-related transactions and data on stocks, to flexibly meet the targets of macro-analysis, meso-supervision, and internal controls of the micro-entities. The *System* also makes it clear that all kinds of declaration entities shall submit successive data in the name of the trustees, agents, or themselves so that no data will be duplicated or omitted and the burdens of the declaration entities will be reduced to the minimum.

Promulgation of the System has enabled the country to meet the latest statistical

#### Box 7 (concluded)

requirements of the IMF in terms of data collection, as stated in the *Balance of Payments and the International Investment Position Manual* (6th Edition). In addition, it meets the needs for statistics and monitoring of cross-border capital flows, participation in international joint investigations, and submission of various data to international organizations. It has established a solid foundation for the supervision of foreign-related economic entities, the monitoring of risks, and the wider opening-up to the outside world.



## Supervision of the Foreign Exchange Business of Financial Institutions

Improving management of the banks' comprehensive positions for foreign exchange settlements and sales. The SAFE linked the lower limit of banks' comprehensive positions for foreign exchange settlements and sales with the loan-to-deposit ratio of foreign exchange and implemented management of the lower limit based on the principle of "monthly assessments, dynamic adjustments, and reaching the standards within a certain period." As a macroprudential management measure for foreign exchange administration, management of banks' comprehensive positions for foreign exchange settlements and sales has an obvious countercyclical adjustment effect and guides the market to in reducing the demand for replacing foreign exchange purchases with foreign exchange loans.

Supporting and promoting innovation and development of the foreign exchange business of franchise institutions. The SAFE approved franchise institutions to sell electronic travelers' checks and to conduct online exchange businesses, studied the pilot scheme for franchise institutions to support border trade in some border areas, promoted franchise institutions to revise their relevant systems for cross-border transport of foreign banknotes, and studied the corresponding management proposals.

Advancing the development of domestic New Taiwan Dollar (NTD) exchange business. The SAFE provided relevant clearing arrangements for banks in Taiwan Province to deal with NTD exchanges with the mainland, lifted restrictions on two-way NTD exchange areas and market admittance management approvals of such businesses, and standardized the NTD

exchange business of commercial banks and other institutions to facilitate the currency exchange business for cross-strait economic, trade, and personnel exchanges.

Boosting the sound development of foreign exchange business for insurance institutions. Efforts were made to perform the administrative licensing functions for foreign exchange administration of insurance institutions in accordance with the law and to carry out foreign exchange market admittance and fund exchange business for insurance firms so as to support their operations. By the end of 2013, 114 insurance companies in the country had received approval from the SAFE to engage in foreign exchange business.

Promoting foreign exchange business development for various non-bank financial institutions. By the end of 2013, 95 securities firms with the proper qualifications had received approval from the foreign exchange administration departments to engage in the securities and foreign exchange business. Financial firms of 42 enterprise groups had been approved to engage in foreign exchange settlements and sales within the group. Various non-banking financial institutions, such as fund management firms, securities firms, insurance firms, and trust firms, engaged in overseas securities investment business under the QDII system in an orderly manner.

General ideas regarding supervision of the foreign exchange business of financial institutions in 2014 are as follows. Improving market admittance of banks' foreign exchange settlements and sales, derivative management, and other policies, integrating laws and regulations on the statistics of foreign exchange settlements and sales, further promoting product innovation ("foreign exchange held by the people") for the banks' foreign exchange financing, supporting the banks in conducting hedging business,

and promoting business innovation in franchised institutions for individual domestic and foreign currency exchange; further improving management of administrative licensing, simplifying handling procedures, facilitating foreign exchange receipts and payments of insurance institutions, continuing to properly examine and approve QDII quota, and further standardizing foreign exchange administration of non-bank financial institutions.



# Construction and Development of the Foreign Exchange Market

Revising the market-maker system in the interbank foreign exchange market.

The SAFE established a market-maker access and exit mechanism based on dynamic competitions, rewards and punishments, stability, transparent standards, and openness and fairness.

Improving the infrastructure for the foreign exchange market. The SAFE devised a pilot program for transaction confirmation business in the interbank foreign exchange market to raise the financial institutions' capability for straight-through processing of foreign exchange transactions and to lower the operational risks of the foreign exchange market. The premises for the net settlement business of OTC trading in the interbank foreign exchange market was transferred, while transactions, settlements, and other services in the domestic foreign exchange market became more professional.

Improving management of the foreign exchange derivative market. Efforts were made to adjust management of the RMB foreign exchange derivative business, simplify management of admittance to the foreign exchange swap and currency swap business, increase the principal exchange forms of the currency swap business, and support banks in improving the pricing and risk controls of their option businesses.

General ideas on construction and development of the foreign exchange market in 2014 are detailed as follows. Enriching the products traded on the foreign exchange market, diversifying entities involved in the foreign exchange market, improving the construction of trading, settlement, and information infrastructures, transforming the pattern of supervision, and letting the market determine the allocation of foreign exchange resources.

## Enforcement of the Foreign Exchange Inspections and Regulations

In 2013 the foreign exchange administration departments earnestly performed their duties to prevent risks of cross-border capital flows, strengthened special inspections on foreign exchange speculation and arbitrage with a focus on the major entities and key aspects, intensified efforts for supervision of banks and risk reminders, severely cracked down on illegal and criminal activities with respect to foreign exchange business such as underground money shops, improved the off-site inspection system, and raised the level of administrative enforcement of the laws and regulations. Throughout the year the SAFE investigated and handled 2453 cases involving activities in violation of the regulations on foreign exchange administration and collected RMB 390 million in administrative penalties.

Enhancing special inspections on foreign exchange speculation and arbitrage, such as false intermediary trade. Focusing on arbitrage and speculation from the inflow of capital through channels such as entrepôt trade and property investment, the SAFE conducted special inspections on false entrepôt trade and the inflow of foreign capital into real estate enterprises in key areas and enterprises. The SAFE inspected and verified over 1000 documents on false entrepôt trade and investigated and penalized 51 enterprises in violation of the regulations by imposing administrative penalties of over RMB 50 million. The SAFE also investigated and imposed penalties on activities of some real estate enterprises in violation of the regulations, such as illegal settlements of foreign exchange and arbitrary changes in the purpose of the settlement of foreign exchange funds.

Carrying out integrated special inspections on financial institutions such as banks. The SAFE made innovations in terms of inspections of financial institutions and carried out integrated inspections of the headquarters and branches of joint-stock commercial banks and foreign banks; carried out special inspections of insurance companies; paid return visits to and conducted inspections of banks where problems had been identified in 2012. In 2013 the foreign exchange administration departments inspected 56 state-owned commercial banks, joint-stock commercial banks, local corporate banks, and foreign-funded banks, and investigated and handled 439 cases of banks' violation of the regulations, imposing more than RMB 25 million in administrative penalties.

Continuing to seriously crack down on illegal and criminal activities with respect to foreign exchange businesses. In collaboration with other supervisory authorities, the SAFE seriously cracked down on illegal and criminal activities with respect to foreign exchange businesses. In 2013 the SAFE ferreted out 46 illegal and criminal cases involving underground money shops and illegal foreign exchange transactions, involving a total amount of over RMB 50 billion, and imposed administrative penalties in an amount of over RMB 6.6 million. The SAFE also investigated and handled 41 significant and major cases with respect to foreign exchange businesses, involving a total amount of over RMB 7 billion. Administrative penalties of over RMB 100 million were imposed.

Intensifying construction of off-site foreign exchange analysis systems and foreign exchange inspections and analyses. Efforts were made to strengthen construction of off-site inspection systems, further optimize the application system for foreign exchange inspections and analyses, and improve the ability for analyzing data across the country, which established a foundation for precisely screening for abnormal clues. In 2013, with implementation of four

terms of off-site centralized analyses, and remote cross-over analysis and routine independent analysis in key areas, the SAFE found 2350 clues about suspicious transactions and cases in violation of the regulations. Among these, 588 clues were put on the record for investigation, and 64 clues with respect to crimes were delivered to the public security organs for investigation and handling.

Promoting compliance operations for market players by strengthening publicity and risk reminders. The SAFE held many briefings at the headquarters of banks across the country, circulating cases of bank violations of the regulations, reminding them of the risks of trade financing, and urging banks to operate their foreign exchange business in compliance with the regulations. Efforts were made to steadily promote disclosure of information on foreign exchange business in violation of the regulations. In 2013 the SAFE disclosed 1724 pieces of information about foreign exchange businesses by enterprises and public institutions in violation of the regulations and information regarding enterprises that had escaped punishment. Efforts were made to provide training on foreign exchange business to market players, to disseminate and interpret policies and regulations on foreign exchange administration, to publicize the results of foreign exchange reforms and inspections, and to enhance awareness about compliance operations by market players.

General ideas on the enforcement of foreign exchange inspections and regulations in 2014 are detailed as follows. Intensifying inspections and the handling of cross-border capital flows in violation of the regulations, conducting special inspections on market players, such as banks and enterprises, checking on speculation and arbitrage activities in violation of the regulations, and guarding against the risks of cross-border capital flows. Continuing to strengthen departmental cooperation, seriously cracking down

on illegal and criminal activities with respect to foreign exchange business, and maintaining market order in terms of foreign exchange transactions. Promoting off-site analysis of foreign exchange inspections and further increasing the precision and effectiveness of the inspections. Consolidating the foundation for foreign exchange inspections and enhancing the level of administration in accordance with the law. Enhancing publicity and promoting foreign exchange business operations by market players.



## Box 8 Launching a Special Campaign to Crack Down on False Entrepôt Trade

In the first quarter of 2013, China's net inflows of foreign exchange funds reached a record high, with a significant increase in foreign exchange receipts and payments under trade in goods. Some enterprises fabricated the transaction backgrounds and carried out refinancing arbitrage in the name of entrepôt trade. In response, the foreign exchange administration departments stepped up monitoring and early warnings of abnormal cross-border capital flows while promoting trade and investment facilitation. In 13 provinces (municipalities) with massive and rapidly growing entrepôt trade business, the foreign exchange administration departments rapidly kicked off a special campaign to crack down on false entrepôt trade and seriously investigated and punished fictitious and illegal transactions.

The special campaign was promoted in stages and at multiple levels. The special campaign was divided into three stages – "document verification, on-site inspection, and investigation and punishment of irregularities." During the stage of document verification, data on foreign exchange payments above USD 1 million per deal was gathered through the off-site inspection system, and the retained business documents of the foreign exchange payment business handled by the bank were collected to carry out a large-scale and trans-regional cross-check. In the stage of on-site inspection, attention was paid to the approach and the strategy. On the one hand, clues and evidence of irregularities were fixed; on the other hand, foreign exchanges policies and regulations were publicized to make enterprises realize the risks and hazards of illegal operations. At the stage of investigation and punishment of irregularities, investigation and punishment of illegal enterprises were advanced actively and steadily based on the principle of combining punishment with education.

#### Box 8 (concluded)

Inspecting and severely punishing illegal and irregular business operations by enterprises. It was found during the special campaign that, against the background of high domestic and overseas interest rate spreads, exchange rate differences, and risk-free arbitrage opportunities, some enterprises utilized false ownership licenses to defraud bank credits in the name of entrepôt trade, conducted overseas financing through "receipts upon sight and payments after sight" to obtain the interest rate spread between domestic and overseas markets. By the end of December 2013, the special campaign had verified 1082 false documents and the amount of illegal funds reached USD 2.487 billion. 51 involved enterprises faced punishment procedures with penalties of up to RMB 51.998 million, and 14 cases were transferred to the public security departments for suspected evasion of foreign exchange controls.

The special campaign effectively contained false entrepôt trade, enhanced the risk warnings for the banks' trade financing business, urged banks to improve their business reviews and management process for entrepôt trade, reduced systemic financial risks, and enabled the banks' financing businesses to better support development of the real economy.

#### Management of Foreign Exchange Reserves

Intensifying the investment capability building and optimizing the currency and asset allocation. The SAFE further improved the systematized investment benchmark system, enriched the asset allocation methodology, and fully improved the portfolio management and dealing ability, and conducted granular and quantified reserves investment; further promoted the diversified operation, adopted flexible investment strategies, scrutinized the allocation and optimized dynamically, and ensured the safety, liquidity and profitability of reserves.

Fully implementing the research-driven management philosophy and further improving the risk management framework. The SAFE further increased the depth and width of daily research, built the systematic research framework covering both macro-economy and minor strategies, continuously integrated research and investment, and greatly improved research capability and contribution; optimized the risk management framework in multiple dimensions, intensified risk management in all round manners, significantly in terms of overall risks, partial risks and individual risks, and provided better support for reserves investment.

Actively expanding reserves co-financing while supporting the needs of real economies and reform development. The SAFE continuously improved SAFE co-financing platform, expanded such key areas as entrusted loan and international cooperation, effectively regulated surpluses and deficits of banks' foreign exchange funds, and alleviated the foreign exchange funds shortage of state-owned, private and small enterprises. A market-oriented approach was employed, project management mechanisms and processes were fully optimized, while the market-based operation of co-financing platform and the utilizing efficiency of reserves continuously improved.

## Continuously intensifying the internal management and solidifying the foundation for long-term sustainable development for reserves management.

The SAFE endeavored to promote IT-based construction, completed the new blueprint for IT networks, systems and data flows, made breakthroughs in key systems' development, and achieved independent development and maintenance for the absolute majority of core systems. Meanwhile, the SAFE further improved the global operation platform; fully intensified the team building, improved the evaluation system; and actively promoted institutional culture.

#### General ideas on the reserves management in 2014 are detailed as follows.

The SAFE will intensify the management capacity building and improve the current and future profitability of reserves on the condition that asset safety and liquidity are guaranteed. Proceed with the prioritization of risk management, optimize the risk prevention and control mechanisms, strengthen risk management manners, and guard the safety of reserves. Explore and expand SAFE co-financing platform and better support the economic restructuring, transformation and upgrading. Following the lines of personnel, funds, goods and processes, continuously improve the scientific management of the whole organization. Further explore and improve the management regime of large-scale foreign exchange reserves.



## Box 9 A Review of Twenty Years of Foreign Exchange Reserves Management

The Third Plenary Session of the Fourteenth CPC Central Committee launched the reform of the foreign exchange management systems and the new era commenced with centralized management of foreign exchange reserves by the People's Bank of China (PBC). In 1994, the State Administration of Foreign Exchange (SAFE) set up an internal organization specialized in reserves management. During the last twenty years, under the tri-level authority management architecture of the State Council, PBC and the SAFE, the SAFE developed a reserves management approach with Chinese characteristics through exploration and practices, built the image of a professional large-scale investor internationally, achieved the objectives of safety, liquidity and profitability, and obtained remarkable achievements.

Executing professional, standardized, and international development and construction. During the last two decades, China's reserves increased from more than USD 50 billion to USD 3.8 trillion, ranking first all around the world for eight consecutive years. To better manage and utilize such a large sum of assets, the SAFE set up the objective of being "standardized, professional and international" for reserves management, proceeded by phases and in an orderly manner, started by exploring the market rules, innovating with management models and accumulating experience, and developed into an asset management organization with international competitiveness. Driven by research, the SAFE built an asset allocation frameworkon basis of overall risk-return profile, and developed strategic and tactic asset allocation systems. Based on benchmark system, the SAFE implemented investment strategies actively and flexibly. Adopting advanced ideas and technologies, the SAFE formed counter-cycle risk management strategies and kept optimizing risk management framework, methods, tools and measures. For ensuring the integrity and safety of reserves, the SAFE took effective measures to achieve high accuracy of trade clearance, accounting and performance evaluation.

#### Box 9 (continued)

For IT-based construction, an international information system was built with 24/7 non-stop operation to support the front, middle and back-stage business processes. For long-term sustainable development, the SAFE strengthened human resources management, build a professional team with vigor and strength, established a headquarter integrating nine departments, and an international investment platform with supporting points in Beijing, Singapore, Hong Kong, London, New York, and Frankfort.

#### Implementing diversified reserves investment and multi-level reserves utilization.

During the last twenty years, the SAFE followed the market rules, prevented from "putting all the eggs in one basket" in investment, and implemented diversified allocation in the international market on the basis of long-term and strategic horizon. Nowadays, our reserves portfolio covers over 70 countries and regions, 30+ currencies, 50+ asset products and 6000+ investment targets, making use of the different movement of different currencies and assets to diversify risks and achieve a risk return trade-off dynamically. During the last twenty years, the SAFE was committed to the national interests, actively explored and expanded the application modes, set up Central Huijin Investment to support the reform of state-owned commercial banks, assisted in setting up China Investment Corporation, subscribed to bonds of International Finance Corporation and International Monetary Fund, participated in setting up a regional forex reserve pool between the ten ASEAN countries and China, Japan and South Korea (10+3)' supported the national "go global" strategy by building SAFE co-financing platform, created multiple channels to use reserves, and made solid contributions to China's real economic development.

Weathering various crises and market turbulences. During the last twenty years, the SAFE maintained active and sound management of reserves regardless of the

#### Box 9 (concluded)

fluctuations in the international market. During the Asian financial crisis, we ensured the reserves safety, made active efforts to develop liquidity arrangement pre-plans and kept the solemn promise of not depreciating the RMB. During the U.S. subprime crisis, we made rapid and effective responses and achieved the overall asset safety. During the European debt crisis, we launched the emergency mechanism immediately, flexibly adjusted investment strategies, effectively prevented and mitigated relevant risks, and fulfilled the overall objectives of safety and profitability.

After twenty years, the Third Plenary Session of the Eighteenth CPC Central Committee launched another round of reform, made comprehensive arrangement for the reserves management reform and started another key phase for reserves management. The SAFE will implement the arrangements of the CPC Central Committee and the State Council steadily, proceed with the exploration and innovation, and create a better future for foreign exchange reserves.



# Construction of the Legal System for Foreign Exchange Administration

Fully improving the level of legal administration. The SAFE made solid efforts to implement the "five changes" in ideas and modes of foreign exchange management and strengthened the top-level design of the regulatory framework for foreign exchange management; developed rules by strictly complying with the foreign exchange management laws and regulations and improved planning and foresight in the development of standardized certification for enforcing foreign exchange management laws and regulations and normalized certification management; organized training for administration according to law; and properly dealt with administrative reviews and suits.

Making solid efforts to sort out the foreign exchange management laws and regulations. The SAFE made solid efforts to clear and sort out the laws and regulations in key areas of the reform of foreign exchange management and in 2013 abolished a total of 107 foreign exchange management laws and regulations; developed a long-term mechanism for consolidating regulatory documents in the SAFE branches and further stipulated the requirements for the submission, filing, and clearing of regulatory documents in the SAFE branches.

Vigorously promoting reform of the administrative approval system for foreign exchange management. The SAFE organized a thorough survey of current administrative approvals for foreign exchange management; submitted a proposal to the State Council to abolish four administrative approvals for foreign exchange management, i.e., approvals for remitting returns of foreign exchange or foreign exchange purchased by foreign investors in financial organizations; settlement of organizational exchanges, purchase and payment verification exchanges, and foreign exchange registration in the

special economic zones; authenticity verifications for non-trade purchases and payments of foreign exchange by domestic organizations; and examinations and approval for domestic transfers of organizational foreign exchange funds.

General ideas for the construction of a legal system for foreign exchange administration in 2014 are detailed as follows. Simplify administration, decentralize power, and deepen the reform of the administrative approval system. Intensify efforts to clear up the laws and regulations. Strengthen awareness and legal administrative measures and fully promote legal administration of foreign exchange management.



## Box 10 Transforming the Functions of and Comprehensively Promoting Law-based Foreign Exchange Administration

In recent years, the SAFE has earnestly followed the arrangements and requirements of the CPC Central Committee and the State Council, adhered to the "five changes" in the concept and style of foreign exchange administration, and vigorously promoted reform of the administrative examination and approval system for foreign exchange administration with facilitation of trade and investment as the entry point, reform of the administrative examination and approval system and reorganization of the laws and regulations as the starting point, and the establishment of a scientific, democratic, and transparent legislative decision-making system as the direction.

First, providing a big impetus to streamline administration and to delegate power to lower levels. In order to meet the intrinsic requirements to open and make innovations in the market economy and the reasonable demand for facilitation by market players, the SAFE has provided a substantial impetus to reform the administrative examination and approval system that centers on the reform of foreign exchange administration for trade in goods and services and measures for the facilitation of capital account management. Since 2012, a total of 65 items requiring foreign exchange administrative examinations and approvals have been cancelled, accounting for over 70 percent of the total items. In this process, foreign exchange risk management has put a new focus on improvements in IT applications and ex-post monitoring, properly coordinating the relations between delegation and administration, and evading systemic and regional financial risks.

Second, intensifying efforts to sort out and integrate the laws and regulations. Since 2009, the SAFE has comprehensively sorted out the various kinds of laws

and regulations on foreign exchange administration. Specifically, it has sorted out the laws and regulations that fail to meet the needs of the changing situation,

#### Box 10 (continued)

such as abolishing the system of compulsory exchange settlement and sales, but, meanwhile, integrating normative documents with overlapping content and filling or improving the blank or weak links in supervision. It has already announced it will abolish or invalidate nearly 700 normative documents and gradually build a clear and transparent system of laws and regulations with a reasonable hierarchy for foreign exchange administration.

Third, establishing a sound legislative decision-making mechanism. The SAFE has formulated regulations in strict accordance with the law, revising regulations and establishing rules. Legislative plans are made annually to make legislation more forward-looking. It has improved internal decision-making management, conducted adequate surveys and solicited opinions from all sides, guided public engagement and expert discussions via the Internet, meetings, and other fora and fully demonstrated the necessity and feasibility of policies before introducing them; strengthened verification legality in policy-making and determined normative documents through collective deliberations; and after the introduction of policies, it has enhanced research and investigation and has timely grasped the execution and effects, realizing the shift from experiential and leadership decision-making to scientific and democratic decision-making and significantly raising the scientific, democratic, and standard level of the administrative decision-making process.

Fourth, reinforcing restrictions on discretion. With respect to administrative examinations and approvals still retained in some key risk areas, it has tightened up internal management by formulating rules and regulations with a focus on discretion, normalization, and restrictions; for matters such as daily administrative licensing and administrative law enforcement, it has defined internal authority, developed operating procedures, established law enforcement procedures, refined

### Box 10 (concluded)

executive standards, and restricted discretionary leeway; for major events in administrative examinations and approvals or administrative penalties involving market fairness and the rights and interests of enterprises, the foreign exchange administration departments at all levels have implemented a collective deliberation system, such as the quota review meeting system for qualified institutional investors and the case review meeting system for foreign exchange inspections, to standardize foreign exchange law enforcement.



# Disclosure and Dissemination of Information on Government Affairs

Intensifying efforts to publicize policy. With its official Web site as the main platform, the SAFE actively carried out publicity and interpretation of major policies on foreign exchange administration, including enhancing the administration of foreign exchange capital inflows, reforming the facilitation of foreign exchange administration, and amending the Measures for the Statistics and Declaration of the Balance of Payments. The SAFE published the Catalogue of Existing Laws and Regulations in Effect on Foreign Exchange Administration based on the progress in the cleaning up of the foreign exchange administration regulations in order to facilitate learning and use of the foreign exchange administration regulations by market players. The SAFE released the Annual Report of the State Administration of Foreign Exchange 2012, and the 2012 China Cross-border Capital Flow Monitoring Report, and also released China's Balance of Payments Report on a half-yearly basis to comprehensively introduce foreign exchange administration work and the situation related to cross-border capital flows.

Actively addressing social concerns. In response to the entrusted loans with foreign exchange reserves that have received much media attention, the SAFE published replies to questions from journalists on its official website to interpret the background and work arrangements for innovative applications of the foreign exchange reserves. On the basis of the publication of data on the balance of payments statements, the international investment position, and the foreign exchange settlement and sales by banks, the SAFE provided detailed interpretations of the foreign exchange situation to facilitate a correct understanding by outsiders of the investment income deficit and other issues.

In 2013 the SAFE steadily advanced the building of branch sub-sites under its official website, increased exchanges with the general public, and provided over 340 public consultations and feedbacks.

Increasing the transparency of data dissemination. The SAFE simplified the workflow of data dissemination and further improved the timeliness of data dissemination; diversified the type of data disseminated and for the first time published data on the banks' foreign exchange settlements and sales and data on non-residents' RMB deposits; timely released data on the balance of payments statements, the international investment position, and foreign debts; and announced the examination and approval of the investment quota for qualified institutional investors, for instance, the QFIIs, QDIIs, and RQFIIs.

Earnestly doing well the work related to applications for the disclosure of information on government affairs. The SAFE disclosed in a timely manner its budget for 2013, the final accounts for 2012, and the budget and final accounts for the "three public expenses" (government expenses for overseas trips, food and entertainment, and public vehicles), and conscientiously accepted social supervision. The SAFE strictly handled government procurement projects in accordance with the requirements of the *Government Procurement Law of the People's Republic of China*, entrusted centralized procurement institutions to handle projects above the limit for open bidding, and published relevant information as required. The SAFE accepted applications for disclosure of government information and provided responses pursuant to the law. In 2013, it accepted five applications for the disclosure of government information and gave replies within the legal time limit and according to the legal procedures.

Successfully completing the handling of suggestions and proposals collected from the NPC and the CPPCC in 2013. In 2013, 61 suggestions from the NPC and proposals from the CPPCC were accepted and handled, and the

replies were satisfactorily completed. In handling these suggestions and proposals, the SAFE played an active role in improving its working system, continuously making innovations to its work methods, further facilitating the exchange of ideas and communications with the delegates and committee members of the NPC and CPPCC, and carefully studying and absorbing their comments and suggestions, thereby further promoting reform and development of foreign exchange administration.

General ideas regarding the disclosure and dissemination of information on government affairs in 2014 are detailed as follows. The SAFE shall fulfill the requirements of the Opinions of the General Office of the State Council on Further Disclosing Government Information and Addressing Social Concerns to Improve Public Trust in Government (Guobanfa No. 100 [2013]), and will participate in the press conferences and media briefings of the Information Office of the State Council to constantly improve the level of disclosure of government information. The SAFE shall, with its official website as the main platform, carefully interpret policies, actively respond to social concerns, and facilitate learning by various circles in the society about the reform of foreign exchange administration and the relevant polices and measures. The SAFE shall carefully handle suggestions and proposals put forward by the NPC and the CPPCC and shall strengthen communications and contacts with delegates and committee members of the NPC and the CPPCC in an effort to incorporate their comments and recommendations into foreign exchange administration practices.

## IT Applications

Strengthening the top-level design of IT applications. "Business reform supported by technology" was developed in the direction of "business reform guided by technology" and business reform was gradually promoted and led by technology. The Overall Technical Architecture for IT Applications of the State Administration of Foreign Exchange was studied and compiled based on the vigorous business and system integration in recent years as well as the general requirements of the Outline of the 12th "Five-Year" Development Plan for IT Applications of the State Administration of Foreign Exchange.

Basically establishing a monitoring and analysis system for cross-border capital flows. The database for foreign exchange administration was constantly optimized and improved, the establishment of a monitoring and analysis system was accelerated, and the pilot projects that were launched in the four branches in Shanghai, Shandong, Fujian, and Shenzhen produced remarkable results. A number of professional applications were built relying on the system, including the application for foreign exchange monitoring and analysis of trade in goods and the application for foreign exchange inspections and analysis, which provided effective means for enhancing expost monitoring and analysis and for identifying abnormal subjects.

Enhancing protection of information security. An overall assessment of the current information security situation was carried out, and a blueprint, detailed implementation rules, and a corresponding information security system were established according to the guidelines for active defense and comprehensive prevention. Active efforts were made to assess the risks of network and information systems, to evaluate classified protection, to intensify the monitoring of daily security of Internet exports and the cultivation of a

talented team in information security, and to carry out cooperation among ministries and commissions to improve the level of information security.

Developing e-government. The bank information portal was officially launched to fully realize Internet access through one portal and one-stop services for bank users. A questionnaire system was developed and a pilot enterprise questionnaire was initiated.

Actively promoting the unified collection of data. The application portals of the management system for foreign exchange account information were successfully integrated to comprehensively promote the unified collection and sharing of data.

Accelerating construction of the "three centers in two places." The overall technical scheme and implementation plan for the "three centers in two places" (Huarong Building Production Center, Beijing City-wide Backup Center, and Shanghai Remote Disaster Recovery Center) were developed, and the Shanghai Remote Disaster Recovery Center already has a basic computer room and a production environment to host equipment and storage.

General ideas on IT applications for foreign exchange administration in 2014 are detailed as follows. The SAFE shall actively develop application systems for critical information, such as a monitoring and analysis system for cross-border capital flows, a comprehensive query and statistical analysis system for the balance of payments, a statistical monitoring and analysis system for the capital account, and will upgrade the foreign exchange monitoring system for trade in goods and the individual foreign exchange settlement and sales system, make corresponding adjustments to the application systems based on the revisions to the Transaction Codes of Foreign-related Receipts and Payments (Version VI), press ahead with unified collection of bank data, enhance network information security, carry out network upgrading

and transformation, step up information security training and inspections, establish a sound environment for security management of foreign exchange information, further strengthen standardized management, prepare and publish the *Overall Technical Architecture of the State Administration of Foreign Exchange*, improve the technical channels for basic software and hardware environments suitable for its information system, accelerate construction and use of the "three centers in two places," and establish a safe and effective operations and management system and mechanism.



## **International Exchanges and Cooperation**

Organizing business trips in an orderly manner. The eight-point code issued by the CPC Central Committee and the spirit of the relevant documents were implemented and business trips were organized in an orderly manner by combining the central work of foreign exchange administration with the reform in key areas. Groups were organized to carry out multiple overseas training programs on macro-economic and financial analysis, supervision of capital operations of multinational affiliates, currency crisis prevention and derivative development, and supervision of cross-border capital flows and arbitrage. The SAFE also played an active role in participating in overseas meetings and training programs held by the International Monetary Fund, the central banks of foreign countries (regions), and so forth, so as to learn and draw on international experiences for conducting research and making recommendations to improve the reform of foreign exchange administration.

Carrying out international exchanges in an in-depth manner. High-level talks were arranged with the City of London Corporation, Euroclear Belgium, and the Central Bank of Lithuania, active business negotiations were conducted with international organizations such as the IMF, the International Finance Corporation, the Institute of International Finance, and the Asia Securities Industry and Financial Markets Association, and daily communications were conducted with foreign financial institutions, foreign banks, and embassies of the relevant countries in China.

Vigorously promoting financial cooperation. Staff members were sent to attend the Beijing-Taiwan Financial Forum, the Asian Financial Forum, and the Conference on Cross-Strait Banking and Finance to promote financial cooperation in the Asia-Pacific region; to attend the 14th meeting of the Sino-Russian Financial Cooperation Subcommittee, and the field research on the project of the 12th "Five-Year" Plan and investments by Chinese enterprises

in the UK to propel bilateral economic exchanges between China and other countries; and to attend the 10th Seminar of the People's Bank of China and the Global and Financial Stability Statistical Meeting to discuss and facilitate global financial stability.

General ideas on international exchanges and cooperation in 2014 are detailed as follows. The SAFE shall closely focus on the central task of foreign exchange administration, give full play to its foreign affairs coordination and management functions, fully coordinate international and domestic resources, and expand the range of external relations. The SAFE shall continue to implement the eight-point code issued by the CPC Central Committee, formulate rules and regulations, standardize management, and enhance education and training to constantly improve the level of international exchanges and cooperation and practically serve foreign exchange administration.



## Internal Management

Strictly implementing the requirements of the eight-point code of the CPC Central Committee. According to the Regulations on Practicing Strict Economy and Combating Waste by Party and Government Organs, the SAFE improved its research methods, reduced the number of meetings and activities, controlled expenditures, and established a sound long-term mechanism for diligence and thrift; revised its working rules, official document processing methods, and standardized work order and raised work efficiency; enhanced the supervision and handling of the major decisions and arrangements of the CPC Central Committee and its own key tasks; standardized management of business trips and strictly controlled the number of and expenditures for such trips; improved the management of special funds, budgets, and final accounts, and conducted rigorous management for the mailing of business letters and government procurements.

Deeply carrying out prevention and control of independent risks. To earnestly implement the spirit of the Second Plenary Session of the Eighteenth CPC Central Commission on Discipline Inspection and the Work Meeting of the State Council on Clean Government and to fulfill the requirements for correcting unhealthy practices and strictly enforcing discipline, the SAFE launched a special campaign regarding warning education for the purpose of improving the Party's work style and building clean government in the Party's Mass Line Education and Practice Campaign; carried out thematic activities on "learning, implementing, and observing the Party Constitution" to enhance a sense of discipline; comprehensively advanced the prevention and control of independent risks, screened risks one by one, developed measures and intensified inspections to build an honest and diligent foreign exchange administration team; issued the *Implementation Opinions on Further Strengthening and Improving Supervision and Inspection Work*, the Circular on Further Correcting Unhealthy Practices and Strictly Enforcing Discipline to

Improve the Work Style of the Foreign Exchange Administration Departments and Other Systems, and posted a hot line number for reporting violations to the system by any SAFE staff person.

Strengthening the building of a rank of cadres. The SAFE further improved the way of selecting and appointing cadres, and continued to implement the selection and appointment of cadres at the departmental and divisional levels; facilitated cadre exchanges in numerous ways, and actively selected cadres to work in local governments, PBC branches, and overseas financial management departments; organized special research projects and improved cadre assessment methods to scientifically evaluate cadres. Domestic and overseas training was carried out for cadres in a variety of forms, levels, and channels, with increasing relevance and effectiveness.

Increasing internal audit efforts. The SAFE actively carried out peer audits and further explored new ideas on internal audits; organized internal audit supervision and inspections of some branches, continued performance audits, made innovations in theoretical research, and promoted application of the results.

Further regulating work order. The SAFE simplified documents and briefings, improved its style of writing, and further standardized official document processing procedures; reinforced duty management and ensured that decisions were carried out without fail; prepared budgets scientifically and rationally, did a good job on departmental budgets and financial accounts and disclosure of "the three public expenses," continuously standardized financial behavior, optimized the expenditure structure, and increased the transparency of budget outlays; further tightened up confidentiality management; practically dealt with the reporting of complaints according to the law for the convenience of the people and in strict accordance with the principle of "territorial management and graded responsibility"; amended the Administrative Measures of the State Administration of Foreign Exchange for Government Procurement, enhanced management of the government

procurement plan and risk prevention and control, and handled procurement projects in strict accordance with the relevant stipulations.

### General ideas on internal management in 2014 are detailed as follows.

The SAFE shall consolidate and deepen the effects of the CPC's Mass Line Education and Practice Campaign, improve the work style and management of Party members in a spirit of reform and innovation, and raise the scientific level of CPC building; enhance innovation in the systems and mechanisms for combating corruption and upholding integrity and their institutional guarantees, persevere in correcting the "four forms of decadence" and further normalize the exercise of power; put people first, strengthen the building of a team of cadres and talents, and boost the scientific development of human resources and internal audits to refine cadre selection and the appointment mechanism, increasing cadre training and exchanges, promoting the reform of public institutions, and reinforcing supervision over internal audits and controls; further standardize work order, enhance official document reviews, and raise the efficiency of official document processing; exert strict conference management and standard duty management; practice strict economy, and strictly control the "three public expenses" and general administrative expenditures; further strengthen guidance for internal control inspections of seals, archives, and petition letters in the basic databases; and further improve government procurements according to the relevant regulations.

# Box 11 Deeply Carrying out the Party's Mass Line Education and Practice Campaign

According to the unified arrangements of the central government and the general requirements for "watching from the mirror, grooming oneself, taking a bath, and seeking remedies," starting from July 15, 2013, the SAFE carried out among its branches and affiliated public institutions the Party's Mass Line Education and Practice Campaign based on the theme of serving the people and being pragmatic and incorruptible to maintain the progressiveness and purity of the Party.

In the section on learning, education, and taking advice, CPC members and cadres seriously studied the Party Constitution and firmly grasped the spirit of a series of important speeches made by General Secretary Xi Jinping so as to thoroughly understand the theory of the Party's Mass Line and further enhance awareness of its purpose and mass concept. A special campaign on warning education for improving the Party's work style and building a clean government was launched, correction of unhealthy practices and strict enforcement of discipline were combined with the fight against the "four forms of decadence," emphasis was placed on both regulation and prevention to preserve the value of serving the people, and being pragmatic and incorruptible was embedded into the minds and activities of CPC members and cadres. 62 opinions and suggestions on the "four forms of decadence" were solicited from six levels, namely, the relevant ministries and commissions, the governments of provinces, autonomous regions, and municipalities, local counterpart departments, service and regulation objects, local branches, and internal cadres and masses. According to the division of work, CPC members carried out special research on the Mass Line Education and Practice events at the grassroots level, such as banks, enterprises, and departments, to understand business needs and to listen to the aspirations and opinions of the masses.

In the section on identifying problems and offering criticism, Yi Gang, secretary of the Party Leadership Group and administrator of the SAFE, presided over

#### Box 11 (continued)

the drafting and revision of the proposals of the thematic meeting of the Party Leadership Group on democratic life and the inspection materials of the leading group, chaired by the enlarged meeting of the Party Leadership Group, and carefully listened to the opinions and suggestions of leading group members, various departments, and units on these inspection materials. CPC members wrote their own inspection materials, identified their problems concerning the "four forms of decadence," and made in-depth analyses of their causes. One-to-one, face-to-face, and heart-to-heart deep conversations were held between the leading group members and Party members and departmental principals. To rectify incorrect work styles, criticism and self-criticism activities were carried out; thirteen prominent problems related the "four forms of decadence" were identified at the meeting on democratic life, five reasons for them were analyzed, and over sixty mutual criticism opinions were raised.

In the section on implementing corrective measures and establishing rules and regulations, the SAFE's Party Leadership Group closely combined the Mass Line Education and Practice events with implementation of the spirit of the Third Plenary Session of the Eighteenth CPC Central Committee, tackled tough problems in a down-to-earth working style, and implemented corrective measures in a solid manner. In response to the solicited opinions and suggestions and the identified prominent problems, twenty-two corrective measures were put forward, subdivided into thirty-nine corrective tasks and broken down in line with the division of work among CPC members to ensure that these measures would be put into practice. Meanwhile, CPC members consciously accepted the supervision of local branches, cadres, and the masses over implementation of the corrective measures and developed personal corrective measures based on their practical ideological and work situations. Specific rectifications were carried out in six respects (including "a hill of paperwork and a sea of meetings," and excessive inspections and appraisal activities) as required by the arrangements of

#### Box 11 (concluded)

the central government to practically enhance the building of a clean and efficient government agency; forty-four systems involving work style improvements were identified, seven systems were planned to be revised, and eleven systems were to be established to consolidate the results of the improvements in work style with the systems and mechanisms.

The SAFE, always insisting on simultaneously identifying problems, taking corrective measures, making summaries, realizing improvements, transforming functions, and correcting work styles, spared no effort to solve the prominent problems concerning the "four forms of decadence" and achieved tangible results from the CPC's Mass Line Education and Practice Campaign. As a result, CPC members and cadres had firmer ideals and beliefs, a stronger awareness of purpose, and a more correct world outlook and view of life and values. The SAFE adhered to the "five changes" in the concept and style of foreign exchange administration and intensified efforts to sort out the laws and regulations and to streamline administration polices more "down-to-earth" and "popular among the people." It strengthened the establishment of rules and regulations and institutional restrictions, deepened systemic and institutional reforms to build the image of a clean and efficient government agency.



## Foreign Exchange Statistics

Table S1 China's Balance of Payments, 2013

Table S1 China's Balance of Payment	s, 2013		Unit: 100 m	illion US dollars
Items	Line	Balance	Credit	Debit
I. Current Account	1	1828	26637	24809
A. Goods and Services	2	2354	24250	21896
a. Goods	3	3599	22190	18591
b. Services	4	-1245	2060	3305
1.Transportation	5	-567	376	943
2.Travel	6	-769	517	1286
3.Communication Services	7	0	17	16
4.Construction Services	8	68	107	39
5.Insurance Services	9	-181	40	221
6.Financial Services	10	-5	32	37
7.Computer and Information Services	11	94	154	60
8.Royalties and Licensing Fees	12	-201	9	210
9.Consulting Services	13	169	405	236
10.Advertising and Public Opinion Polling	14	18	49	31
11.Audio-visual and Related Services	15	-6	1	8
12.Other Business Services	16	135	341	206
13.Government Services n.i.e.	17	0	12	12
B. Income	18	-438	1855	2293
1.Compensation of Employees	19	161	178	17
2.Investment Income	20	-599	1677	2276
C. Current Transfers	21	-87	532	619
1.General Government	22	-31	11	42
2.Other Sectors	23	-56	520	577
II. Capital and Financial Account	24	3262	17271	14009
A. Capital Account	25	31	45	14
B. Financial Account	26	3232	17226	13995
1. Direct Investments	27	1850	3478	1629
1.1 Abroad	28	-732	364	1096
1.2 Domestic	29	2582	3114	532
2. Portfolio Investments	30	605	1041	436
2.1 Assets	31	-54	258	311
2.1.1 Equity Securities	32	-25	136	161
2.1.2 Debt Securities	33	-28	122	150
2.1.2.1 Bonds and Notes	34	-28	122	150

Table S1 (concluded)

I Init	100	million	TIC	dollare

			- CIIII 100 III	illion US dollar
Items	Line	Balance	Credit	Debit
2.1.2.2 Money Market Instruments	35	0	0	0
2.2 Liabilities	36	659	784	125
2.2.1 Equity Securities	37	326	407	81
2.2.2 Debt Securities	38	333	377	44
2.2.2.1 Bonds and Notes	39	160	204	44
2.2.2.2 Money Market Instruments	40	173	173	0
3. Other Investments	41	776	12707	11930
3.1 Assets	42	-1365	1439	2804
3.1.1 Trade Credits	43	-603	65	667
Long-term	44	-12	1	13
Short-term	45	-591	64	654
3.1.2 Loans	46	-319	374	693
Long-term	47	-422	100	522
Short-term	48	102	274	172
3.1.3 Currency and Deposits	49	-20	890	910
3.1.4 Other Assets	50	-423	110	533
Long-term	51	100	100	0
Short-term	52	-523	10	533
3.2 Liabilities	53	2142	11268	9126
3.2.1 Trade Credits	54	449	449	0
Long-term	55	8	8	0
Short-term	56	442	442	0
3.2.2 Loans	57	934	9493	8558
Long-term	58	194	569	375
Short-term	59	740	8923	8183
3.2.3 Currency and Deposits	60	758	1208	450
3.2.4 Other Liabilities	61	0	118	118
Long-term	62	8	21	13
Short-term	63	-8	97	104
III. Reserves Assets	64	-4314	13	4327
3.1 Monetary Gold	65	0	0	0
3.2 Special Drawing Rights	66	2	2	0
3.3 Reserves Position in the Fund	67	11	11	0
3.4 Foreign Exchange	68	-4327	0	4327
3.5 Other Claims	69	0	0	0
IV. Net Errors and Omissions	70	-776	0	776

Notes: 1. This statement employs rounded-off numbers.

<sup>2</sup>. This statement is the result of the sum of the USD values in the balance of payments statements for the four quarters of 2013.

Table S2 Abridged Balance of Payments, 1990–2013

(1)

			Unit: 100 million US dolla		
Year	1990	1991	1992	1993	1994
I. Current Account Balance	120	133	64	-119	77
Credit	608	705	856	922	1264
Debit	488	572	792	1041	1188
A. Goods and Services Balance	107	116	50	-118	74
Credit	574	659	788	866	1189
Debit	467	543	738	983	1116
a. Goods Balance	92	87	52	-107	73
Credit	515	589	696	757	1026
Debit	424	502	644	863	953
b. Services Balance	15	29	-2	-11	1
Credit	59	70	92	109	164
Debit	44	41	94	120	163
B. Income Balance	11	8	2	-13	-10
Credit	30	37	56	44	57
Debit	20	29	53	57	68
C. Current Transfers Balance	3	8	12	12	13
Credit	4	9	12	13	18
Debit	1	1	1	1	4
II. Capital and Financial Account Balance	-28	46	-3	235	326
Credit	204	203	302	508	618
Debit	232	157	305	274	291
A. Capital Account Balance	0	0	0	0	0
Credit	0	0	0	0	0
Debit	0	0	0	0	0
B. Financial Account Balance	-28	46	-3	235	326
Credit	204	203	302	508	618
Debit	232	157	305	274	291
1. Direct Investments Balance	27	35	72	231	318
Credit	35	44	112	275	338
Debit	8	9	40	44	20
2. Portfolio Investments Balance	-2	2	-1	31	35
Credit	0	6	9	50	45
Debit	2	3	9	20	10
3. Other Investments Balance	-52	9	-74	-27	-27
Credit	169	154	182	183	235
Debit	221	145	256	210	262
III. Change in Reserves Assets	-61	-111	21	-18	-305
Credit	0	0	24	1	0
Debit	61	111	3	18	305
Incl. Changes in Foreign Exchange Reserves	-55	-106	23	-18	-304
IV. Net Errors and Omissions	-31	-68	-83	-98	-98

(2)

	(-)		Unit	t: 100 million	US dollars
Year	1995	1996	1997	1998	1999
I. Current Account Balance	16	72	370	315	211
Credit	1543	1814	2184	2177	2347
Debit	1526	1741	1815	1862	2135
A. Goods and Services Balance	120	176	428	438	306
Credit	1472	1717	2072	2074	2210
Debit	1353	1541	1644	1636	1903
a. Goods Balance	181	195	462	466	360
Credit	1281	1511	1827	1835	1947
Debit	1101	1315	1364	1369	1587
b. Services Balance	- <b>61</b>	-20	-34	-28	-53
Credit	191	206	246	239	262
Debit	252	226	280	267	316
B. Income Balance	-118	-124	-110	- <b>166</b>	-145
Credit	52	73	57	56	83
Debit	170	198	167	222	228
C. Current Transfers Balance	14	21	51	43	49
Credit	18	24	55	<b>4</b> 3	54
Debit	4	2	3	4	4
II. Capital and Financial Account Balance	387	400	210	-63	52
Credit	677	710	926	893	918
Debit	290	310	716	956	866
A. Capital Account Balance	0	0	0	0	0
Credit	0	0	0	0	0
Debit	0	0	0	0	0
B. Financial Account Balance	387	400	210	-63	52
Credit	677	710	926	893	918
Debit	290	310	716	956	865
1. Direct Investments Balance	338	381	417	411	370
Credit	377	424	454	456	410
Debit	39	43	38	45	40
2. Portfolio Investments Balance	8	17	69	-37	-112
Credit	18	34	92	19	18
Debit	10	16	23	56	130
3. Other Investments Balance	40	2	-276	-437	-205
Credit	282	253	380	418	489
Debit	241	251	655	854	695
III. Change in Reserves Assets	-225	-317	-357	-64	-85
Credit	0	0	0	1	13
Debit	225	317	357	65	98
Incl. Changes in Foreign Exchange Reserves	-220	-315	-349	-51	-97
IV. Net Errors and Omissions	-178	-155	-223	-187	-178

	(3)				
			Uni	t: 100 million	US dollars
Year	2000	2001	2002	2003	2004
I Comment A comment Bolomer	205	174	254	421	(90
I. Current Account Balance	205	2170	354	5106	7022
Credit	2990	3179	3875	5196	7032
Debit	2785	3005	3521	4766	6342
A. Goods and Services Balance	289	281	374	358	512
Credit	2796	2994	3654	4850	6583
Debit	2507	2713	3280	4492	6071
a. Goods Balance	345	340	442	444	590
Credit	2491	2661	3257	4383	5934
Debit	2147	2321	2815	3939	5344
b. Services Balance	-56	-59	-68	-85	-78
Credit	304	333	397	468	649
Debit	360	393	465	553	727
B. Income Balance	-147	-192	-149	-102	-51
Credit	126	94	83	161	206
Debit	272	286	233	263	257
C. Current Transfers Balance	63	85	130	174	229
Credit	69	91	138	185	243
Debit	5	6	8	10	14
II. Capital and Financial Account Balance	19	348	323	549	1082
Credit	920	995	1283	2432	3984
Debit	901	648	960	1883	2903
A. Capital Account Balance	0	-1	0	0	-1
Credit	0	0	0	0	0
Debit	0	1	0	0	1
B. Financial Account Balance	20	348	323	549	1082
Credit	920	995	1283	2432	3984
Debit	900	647	960	1883	2902
1. Direct Investments Balance	375	374	468	494	601
Credit	421	471	531	579	681
Debit	46	97	63	85	80
2. Portfolio Investments Balance	-40	-194	-103	114	197
Credit	78	91	23	173	347
Debit	118	285	126	59	150
3. Other Investments Balance	-315	169	-41	-60	283
Credit	421	695	730	1680	2956
Debit	736	526	771	1739	2672
III. Change in Reserves Assets	-105	-473	-755	-1061	-1901
Credit	6	0	2	3	5
Debit	111	473	757	1064	1905
Incl. Changes in Foreign Exchange Reserves	-109	-466	-742	-1060	-1904
IV. Net Errors and Omissions	-119	-49	78	82	130

(4)

	( · )		Uni	t: 100 million	US dollar
Year Items	2005	2006	2007	2008	2009
I. Current Account Balance	1324	2318	3532	4206	2433
Credit	9039	11478	14684	17462	14842
Debit	7715	9160	11152	13256	12409
A. Goods and Services Balance	1246	2089	3080	3488	2201
Credit	8369	10617	13423	15818	13333
Debit	7123	8528	10342	12330	11131
a. Goods Balance	1342	2177	3159	3606	2495
Credit	7625	9697	12201	14347	12038
Debit	6283	7519	9041	10741	9543
b. Services Balance	-96	-88	-79	-118	-294
Credit	744	920	1222	1471	1295
Debit	840	1008	1301	1589	1589
B. Income Balance	-161	-51	80	286	-85
Credit	393	546	835	1118	1083
Debit	554	597	754	832	1168
C. Current Transfers Balance	239	281	371	432	317
Credit	277	316	426	526	426
Debit	39	35	55	94	110
II. Capital and Financial Account Balance	953	493	942	401	1985
Credit	4851	7346	9936	9845	8634
Debit	3897	6853	8994	9444	6649
A. Capital Account Balance	41	40	31	31	39
Credit	42	41	33	33	42
Debit	1	1	2	3	3
B. Financial Account Balance	912	453	911	371	1945
Credit	4809	7305	9903	9812	8592
Debit	3897	6852	8992	9441	6647
1. Direct Investments Balance	904	1001	1391	1148	872
Credit	1112	1333	1694	1868	1671
Debit	208	331	303	720	799
2. Portfolio Investments Balance	-47	-684	164	349	271
Credit	261	497	771	872	1102
Debit	308	1181	606	524	831
3. Other Investments Balance	56	136	-644	-1126	803
Credit	3437	5475	7439	7072	5820
Debit	3381	5340	8083	8198	5017
III. Change in Reserves Assets	-2506	-2848	-4607	-4795	-4003
Credit	19	6	5	1	1
Debit	2526	2854	4612	4796	4005
Incl. Changes in Foreign Exchange Reserves	-2526	-2853	-4609	-4783	-3821
IV. Net Errors and Omissions	229	36	133	188	-414

Unit: 100 million US dollars
------------------------------

Year			Oliit. 100 lilli	lion US dollar
Items	2010	2011	2012	2013
I. Current Account Balance	2378	1361	2154	1828
Credit	19355	22897	24665	26637
Debit	16977	21536	22511	24809
A. Goods and Services Balance	2230	1819	2318	2354
Credit	17436	20898	22483	24250
Debit	15206	19079	20165	21896
a. Goods Balance	2542	2435	3216	3599
Credit	15814	19038	20569	22190
Debit	13272	16603	17353	18591
b. Services Balance	-312	-616	-897	-1245
Credit	1622	1860	1914	2060
Debit	1933	2477	2812	3305
B. Income Balance	-259	-703	-199	-438
Credit	1424	1443	1670	1855
Debit	1683	2146	1869	2293
C. Current Transfers Balance	407	245	34	-87
Credit	495	556	512	532
Debit	88	311	477	619
II. Capital and Financial Account Balance	2869	2655	-318	3262
Credit	11667	14495	13520	17271
Debit	8798	11840	13838	14009
A. Capital Account Balance	46	54	43	31
Credit	48	56	45	45
Debit	2	2	3	14
B. Financial Account Balance	2822	2600	-360	3232
Credit	11618	14439	13475	17226
Debit	8796	11838	13835	13995
1. Direct Investments Balance	1857	2317	1763	1850
Credit	2730	3316	2956	3478
Debit	872	999	1194	1629
2. Portfolio Investments Balance	240	196	478	605
Credit	636	519	829	1041
Debit	395	323	352	436
3. Other Investments Balance	724	87	-2601	776
Credit	8253	10603	9689	12707
Debit	7528	10516	12290	11930
III. Change in Reserves Assets	-4717	-3878	-966	-4314
Credit	0	10	136	13
Debit	4717	3888	1101	4327
Incl. Changes in Foreign Exchange Reserves	-4696	-3848	-987	-4327
IV. Net Errors and Omissions	-529	-138	-871	-776

Notes: 1. This statement employs rounded-off numbers.

2. The SAFE has revised the data for 2012 based on the latest data.

Table S3 China's International Investment Position, 2004—2013

Unit: 100 million US dollars

Itami	End of 2004	End of 2005	End of 2000		lion US dollars
Items	End of 2004	End of 2005	End of 2006	End of 2007	End of 2008
Net Position	2764	4077	6402	11881	14938
A. Assets	9291	12233	16905	24162	29567
1. Direct Investments Abroad	527	645	906	1160	1857
2. Portfolio Investments	920	1167	2652	2846	2525
2.1 Equity Securities	0	0	15	196	214
2.2 Debt Securities	920	1167	2637	2650	2311
3. Other Investments	1658	2164	2539	4683	5523
3.1 Trade Credits	432	661	922	1160	1102
3.2 Loans	590	719	670	888	1071
3.3 Currency and Deposits	553	675	736	1380	1529
3.4 Other Assets	83	109	210	1255	1821
4. Reserves Assets	6186	8257	10808	15473	19662
4.1 Monetary Gold	41	42	123	170	169
4.2 Special Drawing Rights	12	12	11	12	12
4.3 Reserves Position in the Fund	33	14	11	8	20
4.4 Foreign Exchange	6099	8189	10663	15282	19460
B. Liabilities	6527	8156	10503	12281	14629
1. Foreign Direct Investments	3690	4715	6144	7037	9155
2. Portfolio Investments	566	766	1207	1466	1677
2.1 Equity Securities	433	636	1065	1290	1505
2.2 Debt Securities	133	130	142	176	172
3. Other Investments	2271	2675	3152	3778	3796
3.1 Trade Credits	809	1063	1196	1487	1296
3.2 Loans	880	870	985	1033	1030
3.3 Currency and Deposits	381	484	595	791	918
3.4 Other Liabilities	200	257	377	467	552

Table S3 (concluded)

				Unit: 100 milli	ion US dollars
Items	End of 2009	End of 2010	End of 2011	End of 2012	End of 2013
Net Position	14905	16880	16884	18665	19716
A. Assets	34369	41189	47345	52132	59368
1. Direct Investments Abroad	2458	3172	4248	5319	6091
2. Portfolio Investments	2428	2571	2044	2406	2585
2.1 Equity Securities	546	630	864	1298	1530
2.2 Debt Securities	1882	1941	1180	1108	1055
3. Other Investments	4952	6304	8495	10527	11888
3.1 Trade Credits	1444	2060	2769	3387	3990
3.2 Loans	974	1174	2232	2778	3089
3.3 Currency and Deposits	1310	2051	2942	3906	3772
3.4 Other Assets	1224	1018	552	457	1038
4. Reserves Assets	24532	29142	32558	33879	38804
4.1 Monetary Gold	371	481	530	567	408
4.2 Special Drawing Rights	125	123	119	114	112
4.3 Reserves Position in the Fund	44	64	98	82	71
4.4 Foreign Exchange	23992	28473	31811	33116	38213
B. Liabilities	19464	24308	30461	33467	39652
1. Foreign Direct Investments	13148	15696	19069	20680	23475
2. Portfolio Investments	1900	2239	2485	3361	3868
2.1 Equity Securities	1748	2061	2114	2619	2980
2.2 Debt Securities	152	178	371	742	889
3. Other Investments	4416	6373	8907	9426	12309
3.1 Trade Credits	1617	2112	2492	2915	3365
3.2 Loans	1636	2389	3724	3680	5642
3.3 Currency and Deposits	937	1650	2477	2446	3051
3.4 Other Liabilities	227	222	214	384	252

Notes: 1. This statement employs rounded-off numbers.

<sup>2.</sup> Net position refers to assets minus liabilities, "+" refers to net assets, and "-" refers to net liabilities.

<sup>3.</sup> The SAFE has revised the data at the end of 2012 based on the latest data.

Table S4 Brief Table of China's External Debt, End-2013

Unit: thousand US dollars

Debt Type of Debtor	Loans from Foreign Governments	Loans from International Financial Institutions	Loans from Foreign Banks and Other Financial Institutions	Buyers' Credit	Loans from Foreign Exporters, Enterprises, and Individuals	Bonds Issued Abroad
Ministries under the State Council		32837421				1488727
Chinese-funded Financial Institutions	26515127		46218827	2575216	148260	4823815
Foreign-funded Financial Institutions			46633812		521889	
Foreign-funded Enterprises		442145	38865653	177821	109744057	
Chinese-funded Enterprises		50	1824349	837	1170129	1610891
Trade Credit Between Enterprises						
Total	26515127	33279616	133542641	2753874	111584335	7923433



Table S4 (concluded)

Debt Type of Debtor	Trade Financing	Non-resident Deposits	International Financial Leasing	Liabilities to be Paid with Foreign Exchange in Compensation Trade	Trade Credit Between Enterprises	Total
Ministries under the State Council						34326148
Chinese-funded Financial Institutions	139952790	43168063				263402098
Foreign-funded Financial Institutions	4909688	12177535	3225			64246149
Foreign-funded Enterprises			9368889	294		158598859
Chinese-funded Enterprises			363395	1123753		6093404
Trade Credit Between Enterprises					336500000	336500000
Total	144862478	55345598	9735509	1124047	336500000	863166658

Note: Loans from foreign governments assumed by Chinese-funded financial institutions (mainly referring to state-owned commercial banks and policy banks) are actually sovereign debt borrowed by the Ministry of Finance on behalf of the Chinese government.

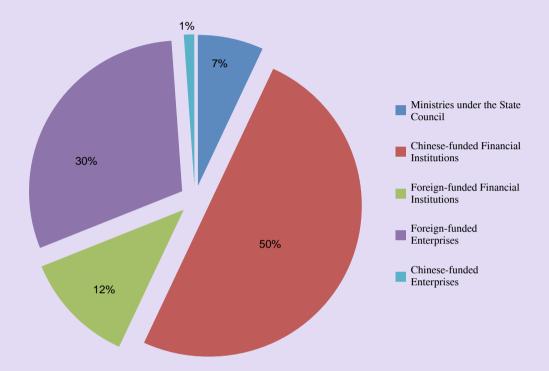


Figure S1 Components of the Registered External Debt by the Type of Debtor, End-2013

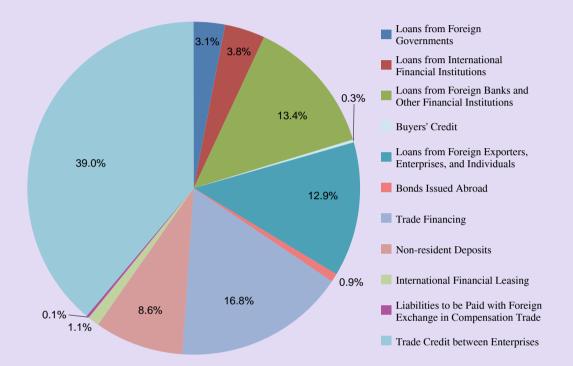


Figure S2 Components of the Registered External Debt by the Type of Debt, End-2013

Table S5 Structure and Growth of Long-term and Short-term External Debt, 1990–2013

Item	Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
	ding External billion USD)	52.55	60.56	69.32	83.57	92.81	106.59	116.28	130.96	146.04	151.83	145.73	203.30
Long-	Outstanding(in billion USD)	45.78	50.26	58.47	70.02	82.39	94.68	102.17	112.82	128.70	136.65	132.65	119.53
term and Medium- term External	Increase over Previous Year (%)	23.6	9.8	16.3	19.8	17.7	14.9	7.9	10.4	14.1	6.2	-2.9	_
Debt	Share of Total (%)	87.1	83.0	84.3	83.8	88.8	88.8	87.9	86.1	88.1	90.0	91.0	58.8
Short- term External Debt	Outstanding(in billion USD)	6.77	10.30	10.85	13.55	10.42	11.91	14.11	18.14	17.34	15.18	13.08	83.77
	Increase over Previous Year (%)	58.5	52.1	5.3	24.9	-23.1	14.3	18.5	28.6	-4.4	-12.5	-13.8	_
	Share of Total (%)	12.9	17.0	15.7	16.2	11.2	11.2	12.1	13.9	11.9	10.0	9.0	41.2
	Ratio to Foreign Exchange Reserves (%)	61.0	47.5	55.9	63.9	20.2	16.2	13.4	13.0	12.0	9.8	7.9	39.5



Table S5 (concluded)

Item	Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	ding External billion USD)	202.63	219.36	262.99	296.55	338.59	389.22	390.16	428.65	548.94	695.00	736.99	863.17
Long-	Outstanding(in billion USD)	115.55	116.59	124.29	124.90	139.36	153.53	163.88	169.39	173.24	194.10	196.06	186.54
term and Medium- term External	Increase over Previous Year (%)	-3.3	0.9	6.6	0.5	11.6	10.2	6.7	3.4	2.3	12.0	1.0	-4.9
Debt	Share of Total (%)	57.0	53.2	47.3	42.1	41.2	39.4	42.0	39.5	31.6	27.9	26.6	21.6
	Outstanding(in billion USD)	87.08	102.77	138.71	171.64	199.23	235.68	226.28	259.26	375.70	500.90	540.93	676.63
Short-	Increase over Previous Year (%)	4.0	18.0	35.0	23.7	16.1	18.3	-4.2	14.6	44.9	33.3	8.0	25.1
Debt	Share of Total (%)	43.0	46.8	52.7	57.9	58.8	60.6	58.0	60.5	68.4	72.1	73.4	78.4
	Ratio to Foreign Exchange Reserves (%)	30.4	25.5	22.7	21.0	18.7	15.4	11.6	10.8	13.2	15.7	16.3	17.71

Notes: 1. Because China's external debt statistics were adjusted in 2001, the new coverage is not comparable to the original coverage; the item "Increase over Previous Year" was not calculated for 2001.

<sup>2.</sup> The sample survey method of trade credits was adjusted in 2009, and outstanding trade credit based on the new method at end-2009 was USD 161.7 billion. Accordingly, outstanding trade credit for 2001–2008 has been adjusted on the basis of comparable coverage.

Table S6 The External Debt, the National Economy, and Foreign Exchange Income, 1990–2013

Year Item	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Outstanding External Debt(in billion USD)	52.55	60.56	69.32	83.57	92.81	106.59	116.28	130.96	146.04	151.83	145.73	203.30
Increase over Previous Year (%)	27.2	15.2	14.5	20.6	11.1	14.8	9.1	12.6	11.5	4.0	-4.0	
GDP (in billion RMB)	1855	2162	2664	3533	4820	6079	7118	7897	8440	8968	9922	10966
Increase over Previous Year (%)	3.8	9.2	14.2	14	13.1	10.9	10	9.3	7.8	7.6	8.4	8.3
Ratio of Outstanding External Debt to GDP (%)	13.6	14.9	14.4	13.6	16.6	14.6	13.6	13.7	14.3	14.0	12.2	15.3
Foreign Exchange Income (in billion USD)	57.4	65.9	78.8	86.6	118.9	147.2	171.7	207.2	207.4	221.0	279.6	299.4
Increase over Previous Year (%)	20.0	14.9	19.6	9.8	37.4	23.8	16.6	20.7	0.1	6.5	26.5	7.1
Ratio of Outstanding External Debt to Foreign Exchange Income (%)	91.6	91.9	87.9	96.5	78.0	72.4	67.7	63.2	70.4	68.7	52.1	67.9



Table S6 (concluded)

Year Item	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Outstanding External Debt(in billion USD)	202.63	219.36	262.99	296.55	338.59	389.22	390.16	428.65	548.94	695.00	736.99	863.17
Increase over Previous Year (%)	-0.3	8.3	19.9	12.8	14.2	15.0	0.2	9.9	28.1	26.6	6.0	17.12
GDP (in billion RMB)	12033	13582	15988	18494	21631	26581	31405	34090	40151	47310	51947	56885
Increase over Previous Year (%)	9.1	10.0	10.1	10.4	11.6	13.0	9.6	9.20	10.4	9.3	7.8	7.7
Ratio of Outstanding External Debt to GDP (%)	13.9	13.4	13.6	13.1	12.5	11.1	8.6	8.6	9.3	9.5	9.0	9.4
Foreign Exchange Income (in billion USD)	365.4	485.0	655.0	836.8	1061.7	1342.1	1581.7	1332.9	1876.8	2086.6	2248.3	2425.0
Increase over Previous Year (%)	22.0	32.7	35.1	27.8	26.9	26.4	17.9	-15.7	40.8	11.2	7.7	7.9
Ratio of Outstanding External Debt to Foreign Exchange Income (%)	55.5	45.2	40.2	35.4	31.9	29.0	24.7	32.2	29.2	33.3	32.8	35.6

Notes: 1. The GNP data in previous issues of the SAFE Annual Report were adjusted to the GDP data in accordance with the 1998 Digest of China's Statistics. The central parity of the RMB against the USD is used when calculating the ratio of the outstanding external debt to GDP.

- 2. The item "Increase over Previous Year (%)" in line 5 is calculated on a fixed-price basis.
- 3. Beginning from 1998, foreign exchange income in this report refers to the credits under the items of goods and services in the BOP in the corresponding year. The data for the previous years are adjusted according to the same international standards, as are the ratios of the outstanding external debt to foreign exchange income.
- 4. Beginning from 2001, China adjusted its original external debt coverage in accordance with international standards (for specific adjustments, see the relevant notes to the "Brief Table on China's External Debt, End-2001"). As the external debt statistics were revised in 2001 and the new coverage is not comparable with the original coverage, the item "Increase over Previous Year" was not calculated for the year 2001.
- 5. GDP data for 1993–2004 were revised by the National Bureau of Statistics according to the results of the First National Economic Census.
- 6. The sample survey method of trade credits was adjusted in 2009, and the outstanding trade credits based on the new method at end-2009 was USD 161.7 billion. Accordingly, the outstanding trade credits for 2001–2008 have been adjusted on the basis of the comparable coverage.

Table S7 Flows of the External Debt, the National Economy, and Foreign Exchange Income, 1990–2013

Year Item	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
External Debt Inflows (in billion USD)	16.48	18.86	15.22	27.37	34.33	39.11	30.95	43.10	45.66	30.05	24.92	25.16
Increase over Previous Year (%)	-5.5	14.4	-19.3	79.8	25.4	13.9	-20.9	39.3	5.9	-34.2	-17.1	1.0
External Debt Outflows (in billion USD)	9.62	12.79	13.43	18.25	25.06	31.71	22.47	32.42	42.48	36.45	35.01	31.28
Increase over Previous Year (%)	-43.5	33.0	5.0	35.9	37.3	26.5	-29.1	44.3	31.0	-14.2	-4.0	-10.7
Net External Debt Inflows (in billion USD)		6.07	1.79	9.12	9.27	7.40	8.48	10.68	3.18	-6.40	-10.09	-6.12
GDP (in billion RMB)	1855	2162	2664	3533	4820	6079	7118	7897	8440	8968	9922	10966
Ratio of External Debt Outflows to GDP (%)	2.5	3.1	2.8	3.0	4.5	4.4	2.6	3.4	4.2	3.4	2.9	2.4
Foreign Exchange Income (in billion USD)		65.9	78.8	86.6	118.9	147.2	171.7	207.2	207.4	221.0	279.6	299.4
Debt Service Ratio (%)	8.7	8.5	7.1	10.2	9.1	7.6	6.0	7.3	10.9	11.2	9.2	7.5



Table S7 (concluded)

Year Item	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011	2013
External Debt Inflows (in billion USD)	60.87	101.54	205.97	281.05	385.43	500.20	575.90	387.52	679.25	773.31	648.12	1010.92
Increase over Previous Year (%)	141.9	66.8	102.8	36.5	37.1	29.8	15.1	-32.7	75.3	13.8	-16.2	55.98
External Debt Outflows (in billion USD)	69.67	98.13	190.24	271.59	365.15	479.81	557.16	390.85	611.93	682.51	651.79	908.07
Increase over Previous Year (%)	122.7	40.8	93.9	42.8	34.4	31.4	16.1	-29.8	56.6	11.5	-4.5	34.32
Net External Debt Inflows (in billion USD)		3.41	15.73	9.46	20.28	20.39	18.74	-3.33	67.32	90.80	-3.67	102.83
GDP (in billion RMB)	12033	13582	15988	18494	21631	26581	31405	34090	40151	47310	51947	56885
Ratio of External Debt Outflows to GDP (%)	4.8	6.0	9.8	12.0	13.5	13.7	12.3	7.8	10.3	9.3	7.9	7.7
Foreign Exchange Income (in billion USD)	365.4	485.0	655.0	836.8	1061.7	1342.2	1581.7	1332.9	1876.8	2086.6	2248.3	2425.0
Debt Service Ratio (%)	7.9	6.9	3.2	3.1	2.1	2.0	1.8	2.9	1.6	1.7	1.6	1.57

Notes: 1. GNP data in previous issues of the SAFE Annual Report were adjusted to the GDP data in accordance with the 1998 Digest of China's Statistics. The central parity of the RMB against the USD is used when calculating the ratio of external debt outflows to GDP.

- 2. Beginning from 1998, the foreign exchange income in this report refers to the credits under the items of goods and services in the BOP in the corresponding years. The data for the previous years have been adjusted according to the same international standards, as have the debt service ratios.
  - 3. External debt outflows include both the repayment of the principal and payment of the interest.
- 4. The debt service ratio refers to the repayment of the principal and payment of the interest on the long-term and medium-term external debt, plus the payment of interest on the short-term external debt divided by the foreign exchange income in the BOP in the corresponding years.
- 5. GDP data for 1993–2004 were revised by the National Bureau of Statistics according to the results of the First National Economic Census.
- 6. In 2013, the collection method for external debt data was adjusted from summary submission of the external debt data on the banks' trade financing to submission on a case-by-case basis.

Table S8 Annual and Monthly Averages of the Central Parity Rate of the RMB against the USD, January 1990 to December 2013

Unit: RMB per 100 US dollars

					Ullit: KIVID pe	er 100 US dollars
Month Year	Jan.	Feb.	Mar.	Apr.	May	Jun.
1990	472.21	472.21	472.21	472.21	472.21	472.21
1991	522.21	522.21	522.21	526.59	531.39	535.35
1992	544.81	546.35	547.34	549.65	550.36	547.51
1993	576.40	576.99	573.13	570.63	572.17	573.74
1994	870.00	870.28	870.23	869.55	866.49	865.72
1995	844.13	843.54	842.76	842.25	831.28	830.08
1996	831.86	831.32	832.89	833.15	832.88	832.26
1997	829.63	829.29	829.57	829.57	829.29	829.21
1998	827.91	827.91	827.92	827.92	827.90	827.97
1999	827.90	827.80	827.91	827.92	827.85	827.80
2000	827.93	827.79	827.86	827.93	827.77	827.72
2001	827.71	827.70	827.76	827.71	827.72	827.71
2002	827.67	827.66	827.70	827.72	827.69	827.70
2003	827.68	827.73	827.72	827.71	827.69	827.71
2004	827.69	827.71	827.71	827.69	827.71	827.67
2005	827.65	827.65	827.65	827.65	827.65	827.65
2006	806.68	804.93	803.50	801.56	801.52	800.67
2007	778.98	775.46	773.90	772.47	767.04	763.30
2008	724.78	721.09	716.26	712.01	709.06	705.83
2009	683.82	683.57	683.41	683.12	682.45	683.32
2010	682.73	682.70	682.64	682.62	682.74	681.65
2011	660.27	658.31	656.62	652.92	649.88	647.78
2012	631.68	630.00	630.81	629.66	630.62	631.78
2013	627.87	628.11	627.85	627.09	625.40	624.16

Table S8 (concluded)

Month Year	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Average
1990	472.21	472.21	472.21	472.21	495.54	522.21	478.32
1991	535.55	537.35	537.35	537.90	538.58	541.31	532.33
1992	544.32	542.87	549.48	553.69	561.31	579.82	551.46
1993	576.12	577.64	578.70	578.68	579.47	580.68	576.20
1994	864.03	858.98	854.03	852.93	851.69	848.45	861.87
1995	830.07	830.75	831.88	831.55	831.35	831.56	835.10
1996	831.60	830.81	830.44	830.00	829.93	829.90	831.42
1997	829.11	828.94	828.72	828.38	828.11	827.96	828.98
1998	827.98	827.99	827.89	827.78	827.78	827.79	827.91
1999	827.77	827.73	827.74	827.74	827.82	827.93	827.83
2000	827.93	827.96	827.86	827.85	827.74	827.72	827.84
2001	827.69	827.70	827.68	827.68	827.69	827.68	827.70
2002	827.68	827.67	827.70	827.69	827.71	827.72	827.70
2003	827.73	827.70	827.71	827.67	827.69	827.70	827.70
2004	827.67	827.68	827.67	827.65	827.65	827.65	827.68
2005	822.90	810.19	809.22	808.89	808.40	807.59	819.17
2006	799.10	797.33	793.68	790.32	786.52	782.38	797.18
2007	758.05	757.53	752.58	750.12	742.33	736.76	760.40
2008	702.28	700.09	698.32	696.83	695.57	694.51	694.51
2009	683.20	683.22	682.89	682.75	682.74	682.79	683.10
2010	677.75	679.01	674.62	667.32	665.58	665.15	676.95
2011	646.14	640.90	638.33	635.66	634.08	632.81	645.88
2012	632.35	634.04	633.95	631.44	629.53	629.00	631.25
2013	622.99	622.17	621.49	620.79	620.11	619.32	619.32

Table S9 Central Parity Rate of the RMB, 2013

For the MYR and RUB: foreign currency units/RMB100 For the seven other currencies: RMB/100 foreign currency units

Month	Items Currency	Beginning of the Period	Ending of the Period	Highest	Lowest	Period Average	Cumulative Average
	USD	628.97	627.95	628.97	626.91	627.87	627.87
	HKD	81.145	80.941	81.145	80.864	80.982	80.982
	JPY	7.1769	6.8802	7.1985	6.8796	7.0278	7.0278
	EUR	819.83	851.97	851.97	819.83	834.66	834.66
January	GBP	1011.26	991.94	1013.27	986.67	1001.04	1001.04
	AUD	657.90	654.48	663.84	654.48	659.39	659.39
	CAD	636.58	626.42	637.90	623.32	632.92	632.92
	MYR	48.566	49.343	49.343	48.178	48.556	48.556
	RUB	484.98	481.79	486.72	480.04	484.67	484.67
	USD	628.19	627.79	628.98	627.79	628.42	628.11
	HKD	81.011	80.934	81.120	80.934	81.029	81.002
	JPY	6.8282	6.7884	6.8282	6.6714	6.7348	6.9022
	EUR	855.09	825.51	857.72	820.53	839.11	836.57
February	GBP	997.06	951.98	997.06	950.86	971.12	988.21
	AUD	655.86	643.39	656.59	642.47	648.41	654.68
	CAD	630.18	613.77	631.43	612.44	622.51	628.46
	MYR	49.666	49.411	49.666	49.061	49.428	48.930
	RUB	481.21	488.87	490.21	478.89	483.75	484.27
	USD	627.98	626.89	628.22	626.89	627.43	627.85
	HKD	80.972	80.757	81.009	80.757	80.864	80.951
	JPY	6.7509	6.6486	6.7509	6.4838	6.6062	6.7912
	EUR	820.49	803.83	821.65	801.84	813.26	827.83
March	GBP	952.52	953.69	956.18	934.90	946.30	972.50
	AUD	641.45	653.00	657.28	639.81	648.66	652.43
	CAD	609.54	617.11	617.54	607.97	612.30	622.40
	MYR	49.438	48.989	50.079	48.989	49.679	49.211
	RUB	490.70	499.04	499.04	490.22	493.75	487.83

Table S9 (continued)

Month	Items Currency	Beginning of the Period	Ending of the Period	Highest	Lowest	Period Average	Cumulative Average
	USD	626.74	622.08	626.74	622.08	624.71	627.09
	HKD	80.734	80.119	80.734	80.119	80.471	80.834
	JPY	6.6336	6.2675	6.7192	6.2437	6.3673	6.6881
	EUR	801.66	809.17	821.45	801.66	813.25	824.28
April	GBP	951.92	960.68	962.09	945.33	954.97	968.23
	AUD	652.44	640.41	657.65	639.31	647.78	651.30
	CAD	615.90	610.03	618.75	607.62	612.52	619.99
	MYR	49.527	48.903	49.553	48.642	49.015	49.163
	RUB	498.84	503.29	514.36	497.14	504.41	491.86
	USD	620.82	617.96	621.52	617.96	619.70	625.40
	HKD	80.005	79.599	80.095	79.599	79.841	80.606
	JPY	6.3807	6.0997	6.3807	5.9797	6.1261	6.5593
	EUR	817.84	806.22	817.84	794.84	804.02	819.64
May	GBP	966.03	941.40	968.14	929.73	947.59	963.50
	AUD	636.75	596.25	638.75	590.84	612.79	642.47
	CAD	615.92	599.84	617.58	594.20	607.37	617.10
	MYR	49.383	49.939	50.013	47.965	48.891	49.101
	RUB	506.38	516.62	516.62	501.39	508.70	495.72
	USD	618.06	617.87	618.07	615.98	617.18	624.16
	HKD	79.614	79.655	79.671	79.345	79.533	80.445
	JPY	6.1434	6.2607	6.5060	6.1434	6.3292	6.5247
	EUR	803.63	805.36	826.26	803.63	813.82	818.76
June	GBP	940.25	942.13	969.03	940.25	955.08	962.24
	AUD	593.75	570.61	601.52	567.84	582.11	633.39
	CAD	596.50	589.01	606.25	587.28	597.22	614.11
	MYR	50.298	51.573	52.189	50.093	51.164	49.411
	RUB	518.62	532.94	536.37	516.55	525.55	500.21

Table S9 (continued)

Month	Items Currency	Beginning of 1	Ending of the Period	Highest	Lowest	Period Average	Cumulative Average
	USD	618.05	617.88	618.07	615.99	617.25	622.99
	HKD	79.676	79.672	79.705	79.416	79.578	80.298
	JPY	6.2131	6.2956	6.2956	6.0880	6.1831	6.4669
	EUR	804.24	819.25	819.91	787.51	807.58	816.87
July	GBP	939.75	941.15	949.92	915.62	937.28	958.02
	AUD	564.43	557.52	572.50	557.52	565.46	621.90
	CAD	587.33	599.62	601.87	583.96	592.80	610.51
	MYR	51.539	52.709	52.709	51.333	51.822	49.819
	RUB	533.33	536.41	547.11	525.75	533.46	505.83
	USD	617.78	617.09	618.17	616.65	617.08	622.17
	HKD	79.659	79.569	79.701	79.504	79.566	80.196
	JPY	6.3011	6.2645	6.4030	6.2032	6.2977	6.4434
	EUR	822.05	816.93	827.89	816.32	822.04	817.59
August	GBP	937.67	957.01	965.68	934.36	955.67	957.69
	AUD	552.39	550.05	566.20	548.30	556.74	612.83
	CAD	601.33	585.64	601.33	585.64	593.61	608.15
	MYR	52.718	53.669	54.222	52.535	53.291	50.302
	RUB	536.75	541.61	541.61	534.67	537.65	510.26
	USD	617.02	614.80	617.29	614.75	615.88	621.49
	HKD	79.568	79.287	79.593	79.285	79.423	80.113
	JPY	6.2520	6.2793	6.2793	6.1346	6.1972	6.4169
	EUR	814.07	829.83	831.94	809.96	820.87	817.94
September	GBP	956.75	993.95	993.95	956.75	974.39	959.48
	AUD	550.90	570.84	577.84	550.90	569.29	608.16
	CAD	585.44	596.23	597.70	585.03	593.63	606.59
	MYR	53.684	53.068	53.832	51.702	53.098	50.602
	RUB	538.20	528.05	545.94	518.91	532.52	512.65

Table S9 (continued)

Month	Items Currency	Beginning of the Period	Ending of the Period	Highest	Lowest	Period Average	Cumulative Average
	USD	614.15	614.25	614.58	613.30	613.93	620.79
	HKD	79.202	79.226	79.254	79.099	79.178	80.027
	JPY	6.3452	6.2332	6.3452	6.2039	6.2606	6.4025
	EUR	833.92	843.33	847.26	829.53	838.24	819.82
October	GBP	988.54	984.83	995.88	980.16	986.90	962.01
	AUD	579.66	581.74	595.91	579.56	585.73	606.09
	CAD	595.31	586.40	596.02	586.40	591.79	605.23
	MYR	51.905	51.572	52.133	51.233	51.752	50.709
	RUB	523.08	524.18	528.75	519.32	524.26	513.72
	USD	614.52	613.25	614.82	613.05	613.72	620.11
	HKD	79.263	79.103	79.307	79.082	79.165	79.943
	JPY	6.2476	5.9844	6.2497	5.9844	6.1333	6.3763
	EUR	833.57	834.17	834.17	820.14	828.08	820.62
November	GBP	984.80	1001.93	1001.93	974.69	987.74	964.51
	AUD	581.14	556.44	583.87	556.44	572.05	602.78
	CAD	588.90	579.25	590.38	579.25	585.66	603.33
	MYR	51.876	52.901	52.901	51.820	52.287	50.862
	RUB	519.98	543.26	547.54	519.98	535.89	515.88
	USD	613.29	609.69	613.52	609.69	611.60	619.32
	HKD	79.106	78.623	79.140	78.623	78.878	79.845
	JPY	5.9742	5.7771	6.0085	5.7771	5.8995	6.3323
	EUR	833.86	841.89	841.95	830.86	837.57	822.19
December	GBP	1007.27	1005.56	1007.27	994.36	1001.43	967.93
	AUD	558.79	543.01	558.79	539.64	548.63	597.77
	CAD	577.11	572.59	577.32	569.84	574.85	600.69
	MYR	52.793	54.141	54.145	51.838	53.284	51.086
	RUB	542.87	539.85	545.03	535.97	540.18	518.12

Table S9 (concluded)

Month	Items Currency	Beginning of the Period	Ending of the Period	Highest	Lowest	Period Average	Cumulative Average
	USD	628.97	609.69	628.98	609.69	619.32	619.32
	HKD	81.145	78.623	81.145	78.623	79.845	79.845
	JPY	7.1769	5.7771	7.1985	5.7771	6.3323	6.3323
	EUR	819.83	841.89	857.72	787.51	822.19	822.19
Entire year	GBP	1011.26	1005.56	1013.27	915.62	967.93	967.93
	AUD	657.90	543.01	663.84	539.64	597.77	597.77
	CAD	636.58	572.59	637.90	569.84	600.69	600.69
	MYR	48.566	54.141	54.222	47.965	51.086	51.086
	RUB	484.98	539.85	547.54	478.89	518.12	518.12



Table S10 Conversion Rates of the Major Currencies against the USD, 2013

Month	Currency	AUD	CAD	CHF	DKK	EUR	GBP	HKD	JPY	MOP	NOK	SEK
MOIIIII	Unit	1 AUD	1 CAD	1 CHF	1 NOK	1EUR	1GBP	1 HKD	1 JPY	1 MOP	1 NOK	1 SEK
January		1.0370	1.00837	1.09135	0.17677	1.31830	1.61360	0.12903	0.01181	0.12539	0.17834	0.15285
February		1.0520	1.00020	1.07504	0.17829	1.33040	1.58230	0.12898	0.01129	0.12534	0.17983	0.15328
March		1.0286	0.97780	1.07400	0.17680	1.31850	1.51300	0.12892	0.01064	0.12530	0.17649	0.15609
April		1.0463	0.97790	1.06451	0.17472	1.30210	1.52460	0.12882	0.01056	0.12519	0.17274	0.15470
May		1.0315	0.97685	1.05731	0.17493	1.30430	1.53120	0.12881	0.01009	0.12517	0.17013	0.15161
June		0.9651	0.96956	1.04112	0.17366	1.29410	1.51420	0.12882	0.00990	0.12519	0.17167	0.15068
July		0.9240	0.95075	1.06553	0.17541	1.30830	1.54140	0.12893	0.01021	0.12531	0.16436	0.14902
August		0.9243	0.97229	1.07527	0.17802	1.32700	1.53770	0.12892	0.01008	0.12528	0.16932	0.15429
September		0.9026	0.95193	1.08472	0.17939	1.33780	1.55630	0.12894	0.01013	0.12533	0.16633	0.15407
October		0.9396	0.97210	1.09782	0.18093	1.34910	1.60300	0.12899	0.01011	0.12534	0.16890	0.15655
November		0.9604	0.95988	1.12108	0.18496	1.37950	1.61960	0.12898	0.01028	0.12534	0.16955	0.15738
December		0.9121	0.94679	1.09987	0.18151	1.35350	1.62050	0.12899	0.00982	0.12542	0.16454	0.15180

Table S11 Foreign Exchange Reserves, 1990–2013

Unit: 100 million US dollars

		Unit: 100 million US dollars
Year	Foreign Exchange Reserves	Increase
1990	111	55
1991	217	106
1992	194	-23
1993	212	18
1994	516	304
1995	736	220
1996	1050	315
1997	1399	348
1998	1450	51
1999	1547	97
2000	1656	109
2001	2122	466
2002	2864	742
2003	4033	1168
2004	6099	2067
2005	8189	2090
2006	10663	2475
2007	15282	4619
2008	19460	4178
2009	23992	4531
2010	28473	4482
2011	31811	3338
2012	33116	1305
2013	38213	5097

Table S12 Monthly Foreign Exchange Reserves, 2013

Unit: 100 million US dollars

Month	Foreign Exchange Reserves	Month	Foreign Exchange Reserves
Jan.	34101	Jul.	35478
Feb.	33954	Aug.	35530
Mar.	34426	Sept.	36627
Apr.	35345	Oct.	37366
May	35148	Nov.	37895
Jun.	34967	Dec.	38213



Table S13 Qualified Foreign Institutional Investors (QFIIs) with Investment Quotas Granted by the SAFE

No.         Qualified Foreign Institutional Investor         Investment Quota (Unit: million US dollars)           1         UBS         790           2         Nomura Securities Co., Ltd.         350           3         Citigroup Global Markets, Ltd.         550           4         Morgan Stanley & Co. International, Ltd.         600           5         Goldman, Sachs & Co., Ltd.         300           6         Hong Kong and Shanghai Banking Corporation, Ltd.         600           7         Deutsche Bank Aktiengesellschaft         600           8         ING Bank N. V.         400           9         JP Morgan Chase Bank, National Association         400           10         Credit Suisse (Hong Kong), Ltd.         600           11         Nikko Asset Management Co., Ltd.         450           12         Standard Chartered Bank (Hong Kong), Ltd.         175           13         Hangseng Bank         150           14         Daiwa Securities Capital Markets Co., Ltd.         50           15         Merrill Lynch International         500           16         Lehman Brothers International Europe         200           17         Bill & Melinda Gates Foundation         300           18         Royal Bank of			As of December 31, 2013
2       Nomura Securities Co., Ltd.       350         3       Citigroup Global Markets, Ltd.       550         4       Morgan Stanley & Co. International, Ltd.       600         5       Goldman, Sachs & Co., Ltd.       300         6       Hong Kong and Shanghai Banking Corporation, Ltd.       600         7       Deutsche Bank Aktiengesellschaft       600         8       ING Bank N. V.       400         9       JP Morgan Chase Bank, National Association       400         10       Credit Suisse (Hong Kong), Ltd.       600         11       Nikko Asset Management Co., Ltd.       450         12       Standard Chartered Bank (Hong Kong), Ltd.       175         13       Hangseng Bank       150         14       Daiwa Securities Capital Markets Co., Ltd.       50         15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22 <td>No.</td> <td>Qualified Foreign Institutional Investor</td> <td></td>	No.	Qualified Foreign Institutional Investor	
3         Citigroup Global Markets, Ltd.         550           4         Morgan Stanley & Co. International, Ltd.         600           5         Goldman, Sachs & Co., Ltd.         300           6         Hong Kong and Shanghai Banking Corporation, Ltd.         600           7         Deutsche Bank Aktiengesellschaft         600           8         ING Bank N. V.         400           9         JP Morgan Chase Bank, National Association         400           10         Credit Suisse (Hong Kong), Ltd.         600           11         Nikko Asset Management Co., Ltd.         450           12         Standard Chartered Bank (Hong Kong), Ltd.         175           13         Hangseng Bank         150           14         Daiwa Securities Capital Markets Co., Ltd.         50           15         Merrill Lynch International         500           16         Lehman Brothers International Europe         200           17         Bill & Melinda Gates Foundation         300           18         Royal Bank of Scotland         175           19         Société Générale         250           20         Barclays Bank PLC         600           21         BNP Paribas         350 <t< td=""><td>1</td><td>UBS</td><td>790</td></t<>	1	UBS	790
4 Morgan Stanley & Co. International, Ltd. 600 5 Goldman, Sachs & Co., Ltd. 300 6 Hong Kong and Shanghai Banking Corporation, Ltd. 600 7 Deutsche Bank Aktiengesellschaft 600 8 ING Bank N. V. 400 9 JP Morgan Chase Bank, National Association 400 10 Credit Suisse (Hong Kong), Ltd. 600 11 Nikko Asset Management Co., Ltd. 450 12 Standard Chartered Bank (Hong Kong), Ltd. 175 13 Hangseng Bank 150 14 Daiwa Securities Capital Markets Co., Ltd. 50 15 Merrill Lynch International 500 16 Lehman Brothers International Europe 200 17 Bill & Melinda Gates Foundation 300 18 Royal Bank of Scotland 175 19 Société Générale 250 20 Barclays Bank PLC 600 21 BNP Paribas 350 22 Commerzbank AG 325 23 Fortis Bank SA/NV 500 24 Power Corporation of Canada 50 25 Calyon S.A. 75 1NVESCO Asset Management, Ltd. 289	2	Nomura Securities Co., Ltd.	350
5         Goldman, Sachs & Co., Ltd.         300           6         Hong Kong and Shanghai Banking Corporation, Ltd.         600           7         Deutsche Bank Aktiengesellschaft         600           8         ING Bank N. V.         400           9         JP Morgan Chase Bank, National Association         400           10         Credit Suisse (Hong Kong), Ltd.         600           11         Nikko Asset Management Co., Ltd.         450           12         Standard Chartered Bank (Hong Kong), Ltd.         175           13         Hangseng Bank         150           14         Daiwa Securities Capital Markets Co., Ltd.         50           15         Merrill Lynch International         500           16         Lehman Brothers International Europe         200           17         Bill & Melinda Gates Foundation         300           18         Royal Bank of Scotland         175           19         Société Générale         250           20         Barclays Bank PLC         600           21         BNP Paribas         350           22         Commerzbank AG         325           23         Fortis Bank SA/NV         500           24         Power Corporati	3	Citigroup Global Markets, Ltd.	550
6         Hong Kong and Shanghai Banking Corporation, Ltd.         600           7         Deutsche Bank Aktiengesellschaft         600           8         ING Bank N. V.         400           9         JP Morgan Chase Bank, National Association         400           10         Credit Suisse (Hong Kong), Ltd.         600           11         Nikko Asset Management Co., Ltd.         450           12         Standard Chartered Bank (Hong Kong), Ltd.         175           13         Hangseng Bank         150           14         Daiwa Securities Capital Markets Co., Ltd.         50           15         Merrill Lynch International         500           16         Lehman Brothers International Europe         200           17         Bill & Melinda Gates Foundation         300           18         Royal Bank of Scotland         175           19         Société Générale         250           20         Barclays Bank PLC         600           21         BNP Paribas         350           22         Commerzbank AG         325           23         Fortis Bank SA/NV         500           24         Power Corporation of Canada         50           25         Calyon S.A. <td>4</td> <td>Morgan Stanley &amp; Co. International, Ltd.</td> <td>600</td>	4	Morgan Stanley & Co. International, Ltd.	600
7         Deutsche Bank Aktiengesellschaft         600           8         ING Bank N. V.         400           9         JP Morgan Chase Bank, National Association         400           10         Credit Suisse (Hong Kong), Ltd.         600           11         Nikko Asset Management Co., Ltd.         450           12         Standard Chartered Bank (Hong Kong), Ltd.         175           13         Hangseng Bank         150           14         Daiwa Securities Capital Markets Co., Ltd.         50           15         Merrill Lynch International         500           16         Lehman Brothers International Europe         200           17         Bill & Melinda Gates Foundation         300           18         Royal Bank of Scotland         175           19         Société Générale         250           20         Barclays Bank PLC         600           21         BNP Paribas         350           22         Commerzbank AG         325           23         Fortis Bank SA/NV         500           24         Power Corporation of Canada         50           25         Calyon S.A.         75           26         INVESCO Asset Management, Ltd.         289	5	Goldman, Sachs & Co., Ltd.	300
8       ING Bank N. V.       400         9       JP Morgan Chase Bank, National Association       400         10       Credit Suisse (Hong Kong), Ltd.       600         11       Nikko Asset Management Co., Ltd.       450         12       Standard Chartered Bank (Hong Kong), Ltd.       175         13       Hangseng Bank       150         14       Daiwa Securities Capital Markets Co., Ltd.       50         15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	6	Hong Kong and Shanghai Banking Corporation, Ltd.	600
9       JP Morgan Chase Bank, National Association       400         10       Credit Suisse (Hong Kong), Ltd.       600         11       Nikko Asset Management Co., Ltd.       450         12       Standard Chartered Bank (Hong Kong), Ltd.       175         13       Hangseng Bank       150         14       Daiwa Securities Capital Markets Co., Ltd.       50         15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	7	Deutsche Bank Aktiengesellschaft	600
10       Credit Suisse (Hong Kong), Ltd.       600         11       Nikko Asset Management Co., Ltd.       450         12       Standard Chartered Bank (Hong Kong), Ltd.       175         13       Hangseng Bank       150         14       Daiwa Securities Capital Markets Co., Ltd.       50         15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	8	ING Bank N. V.	400
11       Nikko Asset Management Co., Ltd.       450         12       Standard Chartered Bank (Hong Kong), Ltd.       175         13       Hangseng Bank       150         14       Daiwa Securities Capital Markets Co., Ltd.       50         15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	9	JP Morgan Chase Bank, National Association	400
12       Standard Chartered Bank (Hong Kong), Ltd.       175         13       Hangseng Bank       150         14       Daiwa Securities Capital Markets Co., Ltd.       50         15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	10	Credit Suisse (Hong Kong), Ltd.	600
13       Hangseng Bank       150         14       Daiwa Securities Capital Markets Co., Ltd.       50         15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	11	Nikko Asset Management Co., Ltd.	450
14       Daiwa Securities Capital Markets Co., Ltd.       50         15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	12	Standard Chartered Bank (Hong Kong), Ltd.	175
15       Merrill Lynch International       500         16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	13	Hangseng Bank	150
16       Lehman Brothers International Europe       200         17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	14	Daiwa Securities Capital Markets Co., Ltd.	50
17       Bill & Melinda Gates Foundation       300         18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	15	Merrill Lynch International	500
18       Royal Bank of Scotland       175         19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	16	Lehman Brothers International Europe	200
19       Société Générale       250         20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	17	Bill & Melinda Gates Foundation	300
20       Barclays Bank PLC       600         21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	18	Royal Bank of Scotland	175
21       BNP Paribas       350         22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	19	Société Générale	250
22       Commerzbank AG       325         23       Fortis Bank SA/NV       500         24       Power Corporation of Canada       50         25       Calyon S.A.       75         26       INVESCO Asset Management, Ltd.       289	20	Barclays Bank PLC	600
23 Fortis Bank SA/NV 500 24 Power Corporation of Canada 50 25 Calyon S.A. 75 26 INVESCO Asset Management, Ltd. 289	21	BNP Paribas	350
24 Power Corporation of Canada 50 25 Calyon S.A. 75 26 INVESCO Asset Management, Ltd. 289	22	Commerzbank AG	325
25 Calyon S.A. 75 26 INVESCO Asset Management, Ltd. 289	23	Fortis Bank SA/NV	500
26 INVESCO Asset Management, Ltd. 289	24	Power Corporation of Canada	50
·	25	Calyon S.A.	75
27 Government of Singapore Investment Corporation Pte Ltd. 1000	26	INVESCO Asset Management, Ltd.	289
	27	Government of Singapore Investment Corporation Pte Ltd.	1000

Table S13 (continued)

No.	Qualified Foreign Institutional Investor	Investment Quota (Unit: million US dollars)
28	Goldman Sachs Asset Management International	500
29	Martin Currie Investment Management Ltd.	270
30	Temasek Fullerton Alpha Investments Pte Ltd.	1500
31	PineBridge Investment LLC	300
32	The Dai-ichi Life Insurance Company, Ltd.	250
33	DBS Bank Ltd.	200
34	JF Asset Management, Ltd.	525
35	KBC Financial Products UK, Ltd.	20
36	Bank of Nova Scotia	150
37	La Compagnie Financiere Edmond de Rothschild Banque	200
38	Yale University	150
39	AMP Capital Investor, Ltd.	500
40	Morgan Stanley Investment Management Inc.	450
41	Eastspring Investments (Hong Kong) Limited	350
42	Stanford University	80
43	United Overseas Bank, Ltd.	50
44	Schroder Investment Management, Ltd.	425
45	GE Asset Management Incorporated	300
46	UBS Global Asset Management (Singapore) Ltd.	250
47	Mizuho Securities Co., Ltd.	50
48	HSBC Global Asset Management (Hong Kong), Ltd.	422
49	Sumitomo Mitsui Asset Management Company, Ltd.	317
50	Norges Bank	1500
51	Pictet Asset Management, Ltd.	100
52	Columbia University	90
53	Prudential Asset Management Co., Ltd.	0
54	Robeco Institutional Asset Management B.V.	235
55	KBC Asset Management N.V.	210
56	Mirae Asset Investment Management Co., Ltd.	350

Table S13 (continued)

No.	Qualified Foreign Institutional Investor	Investment Quota (Unit: million US dollars)
57	Platinum Investment Company, Ltd.	150
58	State Street Global Advisors Asia, Ltd.	50
59	Caisse de dépôt et placement du Québec	500
60	Samsung Asset Management Co., Ltd.	450
61	Overseas-Chinese Banking Corporation, Ltd.	150
62	Alliance Bernstein Ltd.	150
63	ACE INA International Holdings, Ltd.	150
64	Harvard University	200
65	T. Rowe Price International, Inc.	110
66	Daiwa Asset Management Co. Ltd.	200
67	ABU Dhabi Investment Authority	1000
68	Allianz Global Investors Luxembourg S.A.	200
69	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	100
70	Capital International, Inc.	100
71	Credit Suisse AG	300
72	Ashmore EMM, L.L.C.	25
73	First State Investment Management (UK) Limited	220
74	Hanwha Investment Trust Management Co., Ltd.	238
75	UOB Asset Management, Ltd.	50
76	Bank Negara Malaysia	1000
77	DWS Investment S.A.	200
78	Lloyd George Management (Hong Kong), Ltd.	50
79	Korea Development Bank	140
80	Templeton Investment Counsel, LLC	300
81	Shell Asset Management Company B.V.	0
82	BEA Union Investment Management, Ltd.	100
83	Woori Bank Co., Ltd.	50
84	Korea Investment Trust Management Co., Ltd.	200
85	Sumitomo Trust & Banking Co., Ltd.	50

Table S13 (continued)

No.	Qualified Foreign Institutional Investor	Investment Quota (Unit: million US dollars)
86	Baring Asset Management, Ltd.	200
87	Ashmore Investment Management, Ltd.	350
88	Nomura Asset Management Co., Ltd.	350
89	Manulife Asset Management (Hong Kong), Ltd.	300
90	Tongyang Asset Management Corp.	70
91	Royal Bank of Canada	100
92	DIAM Co., Ltd.	100
93	Ivy Investment Management Company	100
94	OFI Asset Management	150
95	Aberdeen Asset Management Asia, Ltd.	200
96	BNY Mellon Asset Management International Ltd.	150
97	FIL Investment Management (Hong Kong), Ltd.	300
98	Legg Mason Investments (Europe), Ltd.	200
99	KB Asset Management Co., Ltd.	200
100	Hong Kong Monetary Authority	1500
101	Fubon Securities Investment Trust Co., Ltd.	250
102	Capital Investment Trust Corp.	100
103	Aviva Investors Global Services, Ltd.	100
104	Bank Julius Baer & Co., Ltd.	100
105	KTB Asset Management Co., Ltd.	100
106	Lyxor Asset Management	100
107	Polaris International Securities Investment Trust Co., Ltd.	200
108	Assicurazioni Generali S.p.A.	100
109	Banco Bilbao Vizcaya Argentaria, S.A.	100
110	Cathay Securities Investment Trust Co., Ltd.	250
111	Fuh Hwa Securities Investment Trust Co., Ltd.	200
112	BMO Investments Inc.	100
113	Comgest S.A.	100
114	Amundi Hong Kong, Ltd.	100

Table S13 (continued)

No.	Qualified Foreign Institutional Investor	Investment Quota (Unit: million US dollars)
115	Grantham, Mayo, Van Otterloo & Co. LLC	100
116	Monetary Authority of Singapore	100
117	Shin Kong Life Insurance Co., Ltd.	100
118	Shinko Asset Management Co., Ltd.	100
119	China Life Insurance Co., Ltd. (Taiwan)	250
120	Princeton University	150
121	Canada Pension Plan Investment Board	600
122	Bank of Thailand	300
123	Kuwait Investment Authority	1000
124	Taiwan Life Insurance Co., Ltd.	200
125	Bank of Korea	300
126	Ontario Teachers' Pension Plan Board	300
127	Korea Investment Corporation	400
128	Shinhan BNP Paribas Asset Management Co., Ltd.	100
129	Stichting Pensioenfonds voor Huisartsen	60
130	National Pension Service (Republic of Korea)	400
131	HI Asset Management Co., Ltd.	100
132	Hospital Authority Provident Fund Scheme	100
133	Cathay Life Insurance Co., Ltd.	300
134	Neuberger Berman Europe, Ltd.	100
135	Khazanah Nasional Berhad	250
136	Russell Investments Ireland, Ltd.	100
137	Prudential Financial Securities Investment Trust Enterprise	70
138	Trans Globe Life Insurance Inc.	150
139	Sumitomo Mitsui Banking Corporation	100
140	Fubon Life Insurance Co. Ltd.	300
141	Black Rock Institutional Trust Company, N.A.	100
142	Northern Trust Global Investments, Ltd.	100
143	Mercuries Life Insurance Co., Ltd.	50

Table S13 (continued)

No.	Qualified Foreign Institutional Investor	Investment Quota (Unit: million US dollars)
144	American International Assurance Company, Ltd.	150
145	Capital Research and Management Company	100
146	City of London Investment Management Company, Ltd.	200
147	Okasan Asset Management Co., Ltd.	50
148	Van Eck Associates Corporation	100
149	William Blair & Company, L.L.C.	100
150	Principal Global Investors LLC	150
151	BOCI-Prudential Asset Management, Ltd.	150
152	ING Investment Management Asia Pacific (Hong Kong), Ltd.	150
153	Earnest Partners LLC	150
154	Prescient Investment Management PTY, Ltd.	50
155	Mizuho Asset Management Co., Ltd.	100
156	Board of Regents of the University of Texas System	100
157	Nan Shan Life Insurance Company, Ltd.	200
158	Metzler Asset Management GmbH	200
159	Fullerton Fund Management Company, Ltd.	250
160	Janus Capital Management LLC	100
161	Swiss National Accident Insurance Fund	300
162	Ontario Pension Board	150
163	Macquarie Bank, Ltd.	200
164	Hai Tong Asset Management (HK) Ltd.	100
165	Qatar Holding LLC	1000
166	BOC Group Life Assurance Company, Ltd.	200
167	Value Partners Hong Kong, Ltd.	100
168	The Church Pension Fund	50
169	Duke University	50
170	EFG Bank AG	100
171	Genesis Asset Management Limited	200
172	Singapore CDH Investment Advisory Co., Ltd.	200

Table S13 (continued)

No.	Qualified Foreign Institutional Investor	Investment Quota (Unit: million US dollars)
173	JP Morgan Securities Investment Trust Co., Ltd.	150
174	Hillhouse Capital Management Ltd.	300
175	APS Asset Management Pte. Ltd.	300
176	Public Mutual Berhad	60
177	Uni-President Assets Management Corporation	50
178	Hansberger Global Investors (HK) Limited	100
179	Hana Daetoo Securities Co., Ltd.	100
180	British Columbia Investment Management Corporation	100
181	OrbiMed Advisors, L.L.C.	50
182	Black Rock Asset Management North Asia Limited	100
183	Harvest Fund Management Co., Ltd.	100
184	E Fund Management (HK) Co., Ltd.	100
185	China Asset Management (Hong Kong), Ltd.	100
186	CITIC Securities International Investment Management (HK) Ltd.	100
187	Lion Capital Management Ltd.	50
188	Generali Fund Management Co., Ltd.	100
189	IDG Capital Management (HK) Ltd.	60
190	Cutwater Investor Services Corporation	100
191	SinoPac Securities Investment Trust Co., Ltd.	100
192	First Securities Investment Trust Co., Ltd.	50
193	CSOP Asset Management, Ltd.	100
194	CMS Asset Management (HK) Ltd.	100
195	New Silk Road Investment Pte. Ltd.	50
196	Guotai Junan Assets (Asia) Limited	100
197	Taikang Asset Management (Hong Kong) Ltd.	100
198	EJS Investment Management Ltd.	50
199	Dongbu Asset Management Co.,Ltd.	70
200	Eurizon Asset Management Ltd.	100
201	AZ Fund Management Co., Ltd.	100

Table S13 (concluded)

No.	Qualified Foreign Institutional Investor	Investment Quota (Unit: million US dollars)
202	Henderson Global Investors	50
203	AEGON USA Investment Management, LLC	100
204	UBS Global Asset Management (Hong Kong) Ltd.	100
205	Andra AP-fonden	200
206	HSBC China Securities Investment Trust Co., Ltd.	100
207	ICBC (Asia) Investment Management Company Limited	100
208	China Everbright Asset Management Co., Ltd.	100
209	China International Capital Corporation Hong Kong Asset Management Limited	100
210	Bosera Asset Management (International) Co., Ltd.	100
211	Hall Capital Partners LLC	100
212	University of Notre Dame du Lac	50
213	Greenwoods Asset Management Hong Kong Limited	100
214	Asia Capital Reinsurance Group Pte. Ltd.	100
215	Keywise Capital Management (HK) Limited	100
216	CTBC Life Insurance Co., Ltd.	100
217	Flowering Tree Investment Management Pte. Ltd.	80
218	Newport Asia LLC	100
219	Alta Advisers Limited	100
220	East Capital AB	100
221	Pacific Investment Strategies Limited	100
222	Fubon Insurance Company Limited	50
223	Mayo Clinic	75
224	Taishin Securities Investment Trust Co.,Ltd.	50
225	Government Pension Fund (Thailand)	100
226	CSAM Asset Management Pte. Ltd.	100
227	Skandinaviska Enskilda Banken AB (publ)	100
228	Cathay United Bank Co., Ltd.	100

Table S14 Qualified Domestic Institutional Investors (QDIIs), Including Banking, Insurance, and Securities Institutions, with Investment Quotas Granted by the SAFE

			As of December 31, 2013
No.	QDII	Type of Institution	Investment Quota (Unit: million US dollars)
1	Bank of China, Ltd.	Commercial Bank	1000
2	Industrial and Commercial Bank of China, Ltd.	Commercial Bank	1000
3	Bank of East Asia (China), Ltd.	Commercial Bank	300
4	Bank of Communications Co., Ltd.	Commercial Bank	500
5	China Construction Bank Corporation	Commercial Bank	700
6	HSBC Bank (China) Company, Ltd.	Commercial Bank	1800
7	China Merchants Bank Co., Ltd.	Commercial Bank	500
8	China Citic Bank	Commercial Bank	200
9	Hang Seng Bank (China) Company, Ltd.	Commercial Bank	30
10	Citibank (China) Co., Ltd.	Commercial Bank	1900
11	Industrial Bank	Commercial Bank	500
12	Standard Chartered Bank (China), Ltd.	Commercial Bank	1500
13	Minsheng Bank	Commercial Bank	100
14	China Everbright Bank	Commercial Bank	600
15	Bank of Beijing	Commercial Bank	50
16	Bank of China (Hong Kong), Ltd.	Commercial Bank	30
17	Credit Suisse Shanghai Branch	Commercial Bank	30
18	Agricultural Bank of China	Commercial Bank	600
19	Nanyang Commercial Bank (China) Co., Ltd.	Commercial Bank	30
20	Deutsche Bank (China) Co., Ltd.	Commercial Bank	30
21	Shanghai Pudong Development Bank	Commercial Bank	30
22	Bank of Shanghai	Commercial Bank	30
23	DBS Bank (China), Ltd.	Commercial Bank	300
24	BNP Paribas (China), Ltd.	Commercial Bank	100
25	Société Générale (China), Ltd.	Commercial Bank	100
26	OCBC Bank (China), Ltd.	Commercial Bank	100

Table S14 (continued)

No.	QDII	Type of Institution	Investment Quota (Unit: million US dollars)
27	Australia and New Zealand Bank (China) Co., Ltd.	Commercial Bank	100
28	United Overseas Bank (China), Ltd.	Commercial Bank	300
29	UBS (China), Ltd.	Commercial Bank	30
30	Hua An Fund Management Co., Ltd.	Fund Management Company	500
31	China Southern Fund Management Co., Ltd.	Fund Management Company	3300
32	China Asset Management Co., Ltd.	Fund Management Company	3300
33	Harvest Fund Management Co., Ltd.	Fund Management Company	3500
34	China International Fund Management Co., Ltd.	Fund Management Company	3500
35	ICBC Credit Suisse Asset Management Co., Ltd.	Fund Management Company	1000
36	Fortune SG Fund Management Co., Ltd.	Fund Management Company	500
37	China International Capital Co., Ltd.	Securities Company	800
38	HFT Investment Management Co., Ltd.	Fund Management Company	800
39	Yinhua Fund Management Co., Ltd.	Fund Management Company	800
40	China Merchants Securities Co., Ltd.	Securities Company	200
41	Bank of Communications Schroder Fund Management Co., Ltd.	Fund Management Company	500
42	E Fund Management Co., Ltd.	Fund Management Company	2000
43	China Merchants Fund Management Co., Ltd.	Fund Management Company	500
44	Bosera Funds	Fund Management Company	1000
45	China Universal Asset Management Co., Ltd.	Fund Management Company	1000
46	GF Fund Management Co., Ltd.	Fund Management Company	700
47	Penghua Fund Management Co., Ltd.	Fund Management Company	800
48	Changsheng Fund Management Co., Ltd.	Fund Management Company	500
49	Guotai Asset Management Co., Ltd.	Fund Management Company	700
50	UBS SDIC Fund Management Co., Ltd.	Fund Management Company	500
51	CCB Principal Asset Management Co., Ltd.	Fund Management Company	500
52	CITIC-Prudential Fund Management Company Ltd.	Fund Management Company	500
53	Lion Fund Management Co., Ltd.	Fund Management Company	800

Table S14 (continued)

No.	QDII	Type of Institution	Investment Quota (Unit: million US dollars)
54	Everbright Pramerica Fund Management Co., Ltd.	Fund Management Company	500
55	Fullgoal Fund Management Co., Ltd.	Fund Management Company	600
56	Dacheng Fund Management Co., Ltd.	Fund Management Company	500
57	Bank of China Investment Management Co., Ltd.	Fund Management Company	500
58	Manulife Teda Fund Management Co., Ltd.	Fund Management Company	500
59	HuaTai Securities Co., Ltd.	Securities Company	200
60	Shanghai Guotai Junan Security Assets Management Co., Ltd.	Securities Company	500
61	Chang Xin Asset Management Corporation, Ltd.	Fund Management Company	500
62	Huatai-Pine Bridge Fund Management Co., Ltd.	Fund Management Company	500
63	Everbright Securities Asset Management Co., Ltd.	Securities Company	200
64	Invesco Great Wall Fund Management Company, Ltd.	Fund Management Company	600
65	Franklin Templeton Sealand Fund Management Co., Ltd.	Fund Management Company	500
66	Shanghai Orient Securities Asset Management Company, Ltd.	Securities Company	200
67	Guosen Securities Co., Ltd.	Securities Company	500
68	RongTong Fund Management Co., Ltd.	Fund Management Company	500
69	GF Securities Co., Ltd.	Securities Company	700
70	CITIC Securities Co., Ltd.	Securities Company	800
71	Essence Securities Company, Ltd.	Securities Company	500
72	Shenyin & Wanguo Securities Co., Ltd.	Securities Company	100
73	BOC International (China), Ltd.	Securities Company	500
74	China Galaxy Securities Co., Ltd.	Securities Company	400
75	Taikang Asset Management (HK) Company Limited	Securities Company	800
76	Hai Tong Securities Asset Management (Shanghai) Co., Ltd.	Securities Company	500
77	Ping An Insurance (Group) Co., Ltd.	Insurance Company	9390
78	China Life Insurance (Group) Company	Insurance Company	300
79	PICC Property and Casualty Co., Ltd.	Insurance Company	900
80	China Life Insurance Co., Ltd.	Insurance Company	1750

Table S14 (continued)

No.	QDII	Type of Institution	Investment Quota (Unit: million US dollars)
81	Taikang Life Insurance Co., Ltd.	Insurance Company	1885
82	Generali China Life Insurance Co., Ltd.	Insurance Company	915
83	PICC Group	Insurance Company	715
84	Sino Life Insurance Co., Ltd.	Insurance Company	2609
85	China Reinsurance (Group) Co., Ltd.	Insurance Company	500
86	China Pacific Insurance (Group) Co., Ltd.	Insurance Company	537
87	China Pacific Life Insurance Co., Ltd.	Insurance Company	400
88	PICC Health Insurance Co., Ltd.	Insurance Company	15
89	PICC Life Insurance Co., Ltd.	Insurance Company	34
90	AnBang Insurance Group Co., Ltd.	Insurance Company	1310
91	Taiping Life Insurance Co., Ltd.	Insurance Company	370
92	Sinosafe General Insurance Co., Ltd.	Insurance Company	120
93	Huatai Insurance Co., Ltd.	Insurance Company	130
94	Huatai Asset Management Co., Ltd.	Insurance Company	130
95	American International Assurance Company, Ltd.	Insurance Company	168
96	Bohai Property Insurance Co., Ltd.	Insurance Company	5
97	AXA-Minmetals Assurance Co., Ltd.	Insurance Company	8
98	Dubon Property & Casualty Insurance Co., Ltd.	Insurance Company	25
99	Taiping General Insurance Co., Ltd.	Insurance Company	79
100	Minan Property And Casualty Insurance Company Limited	Insurance Company	25
101	China Property & Casualty Reinsurance Company, Ltd.	Insurance Company	192
102	China Export & Credit Insurance Corporation	Insurance Company	1000
103	New China Life Insurance Company, Ltd.	Insurance Company	800
104	Alltrust Property Insurance Company, Ltd.	Insurance Company	30
105	Tian An Property Insurance Co., Ltd.	Insurance Company	300
106	Sunshine Life Insurance Corporation Limited	Insurance Company	1200
107	China Life Reinsurance Company, Ltd.	Insurance Company	1000

Table S14 (concluded)

No.	QDII	Type of Institution	Investment Quota (Unit: million US dollars)
108	China Credit Trust Co., Ltd.	Trust Company	1300
109	Shanghai International Trust Co., Ltd.	Trust Company	1000
110	Zhonghai Trust Co., Ltd.	Trust Company	200
111	Ping An Trust Co., Ltd.	Trust Company	300
112	Dalian Huaxin Trust Co., Ltd.	Trust Company	300
113	Hwabao Trust Co., Ltd.	Trust Company	900
114	CITIC Trust Co., Ltd.	Trust Company	1150
115	New China Trust Co., Ltd.	Trust Company	450



Table S15 RMB Qualified Foreign Institutional Investors (RQFIIs) with Investment Quotas Granted by the SAFE

No.	Name of RQFII	Investment Quota (in million yuan)
1	CSOP Asset Management, Ltd.	30100
2	Harvest Global Investments, Ltd.	11250
3	China Asset Management (Hong Kong), Ltd.	21800
4	Da Cheng International Asset Management Company, Ltd.	1900
5	China Universal Asset Management (Hong Kong) Company, Ltd.	3100
6	Bosera Asset Management (International) Co., Ltd.	6600
7	HFT Investment Management (HK), Ltd.	2900
8	HuaAn Asset Management (Hong Kong), Ltd.	3900
9	E Fund Management (HK) Co., Ltd.	20700
10	ICBC Credit Suisse Asset Management (International) Company, Ltd.	800
11	CIFM Asset Management (Hong Kong) Co., Ltd.	800
12	GF International Investment Management, Ltd.	2400
13	UBS SDIC Asset Management (Hong Kong) Ltd.	800
14	Fullgoal Asset Management (Hong Kong) Ltd.	1800
15	Lion Fund (Hong Kong) Ltd.	500
16	ICBC (Asia) Investment Management Company Limited	800
17	Shenyin Wanguo (H.K.), Ltd.	2400
18	Essence International Financial Holdings, Ltd.	1400
19	China International Capital (HK) Corporation, Ltd.	1700
20	Guosen Securities (HK) Financial Holdings Company, Ltd.	1700
21	Everbright Securities Financial Holding, Company, Ltd.	2700
22	Huatai Financial Holdings (Hong Kong), Ltd.	1950
23	Guotai Junan Financial Holdings, Ltd.	3300
24	Haitong International Holdings, Ltd.	5700
25	GF Holdings (Hong Kong), Ltd.	1700
26	China Merchants Securities International Co., Ltd.	1700

Table S15 (concluded)

No.	Name of RQFII	Investment Quota (in million yuan)
27	CITIC Securities International Company, Ltd.	900
28	Guoyuan Securities (HK) Co., Ltd.	1500
29	China Investment Securities (Hong Kong) Financial Holdings Limited	800
30	Changjiang Securities Holdings (HK) Limited	200
31	CCB International Asset Management Limited	800
32	Taikang Asset Management (Hong Kong) Ltd.	2400
33	China Life Franklin Asset Management Co., Ltd.	1000
34	ABCI ASSET MANAGEMENT LIMITED.	1800
35	Hang Seng Investment Management Limited	1000
36	Cinda International Asset Management Limited	800
37	Industrial Securities (HK) Financial Holdings Limited	500
38	Taiping Assets Management (HK) Company Limited	800
39	BOCHK Asset Management Limited	800
40	China Ping An Asset Management (Hong Kong) Ltd.	1000
41	HSBC Global Asset Management (Hong Kong), Ltd.	800
42	Harvest Investment Management (Hong Kong) Ltd.	800
43	Bank of Communications International Asset Management Limited	800
44	Value Partners Hong Kong, Ltd.	800
45	South China Asset Management (Hong Kong) Ltd.	500
46	China Orient Asset Management International Limited	1000
47	Bank of East Asia Ltd.	1000
48	Oriental Financial Holdings (Hong Kong) Ltd.	500
49	PineBridge Investments Hong Kong Limited	800
50	SinoPac Asset Management (Asia) Limited	500
51	Mirae Asset Global Investments (Hong Kong) Ltd.	500
52	China Securities (International) Finance Holding Company Limited	800

Table S16 List of Banks Engaging in Forward Foreign Exchange Settlement and Sales

No.	Name of Bank	No.	Name of Bank
1	Industrial and Commercial Bank of China Limited	2	Agriculture Bank of China Limited
3	Bank of China, Ltd.		China Construction Bank Corporation
5	Bank of Communications Co., Ltd.	6	China Citic Bank
7	China Merchants Bank Co., Ltd.	8	China Everbright Bank
9	HuaXia Bank Co., Ltd.	10	China Guangfa Bank Co., Ltd.
11	Ping An Bank Co., Ltd.	12	Industrial Bank Co., Ltd.
13	China Minsheng Banking Corp., Ltd.	14	China Zheshang Bank Co., Ltd.
15	China Bohai Bank Co., Ltd.	16	Export-Import Bank of China
17	China Development Bank	18	Bank of Beijing Co., Ltd.
19	Postal Savings Bank of China	20	Bank of Shanghai Co., Ltd.
21	Bank of Nanjing	22	Bank of Hangzhou
23	Bank of Ningbo Co., Ltd.	24	Bank of East Asia (China), Ltd.
25	Nanyang Commercial Bank (China) Co., Ltd.	26	Woori Bank China, Ltd.
27	CITIC Bank International (China), Ltd.	28	First Sino Bank
29	Xiamen International Bank	30	BNP Paribas (China), Ltd.
31	Shanghai Pudong Development Bank	32	DBS Bank (China), Ltd.
33	Bank of America, Shanghai, Beijing and Guangzhou Branch	34	HSBC Bank (China) Company, Ltd.
35	Bank of Montreal (China) Co., Ltd.	36	Citibank (China) Co., Ltd.
37	Standard Chartered Bank (China), Ltd.	38	Royal Bank of Scotland (China) Co., Ltd.
39	Morgan Chase Bank (China) Company, Ltd.	40	Société Générale (China), Ltd.
41	Credit Agricole Indosuez (China) Co., Ltd.	42	Sumitomo Mitsui Banking Corporation (China), Ltd.
43	Credit Suisse Shanghai Branch	44	Australia and New Zealand Bank (China) Co., Ltd.
45	Commerzbank, Shanghai Branch and Beijing Branch	46	KBC Bank N.V., Shanghai, Shenzhen, Nanjing Branch
47	Intesa Sanpaolo S.p.A., Shanghai Branch	48	Hang Seng Bank (China), Ltd.

Table S16 (concluded)

No.	Name of Bank	No.	Name of Bank
49	Rabobank, Shanghai Branch	50	ING Bank N. V., Shanghai Branch
51	United Overseas Bank (China), Ltd.	52	Platium Natexis Banques Populaires, Shanghai Branch
53	Deutsche Bank (China) Co., Ltd.	54	West DeutscheLandes Bank Ltd., Shanghai Branch
55	Chiyu Banking Corporation Ltd., Fuzhou, Xiamen Branch	56	Bank of Nova Scotia, Shanghai Branch and Guangzhou Branch
57	Wing Hang Bank (China), Ltd.	58	Mizuho Corporation Bank (China), Ltd.
59	OCBC Bank (China), Ltd.	60	UBS AG, Beijing Branch
61	Svenska Handelsbanken AB (publ), Shanghai Branch	62	DnB NOR Bank ASA, Shanghai Branch
63	Bank of Tokyo-Mitsubishi UFJ (China), Ltd.	64	Norddeutsche Landesbank Girozentrale, Shanghai Branch
65	Skandinaviska Enskilda Banken AB (publ), Shanghai Branch	66	Barclays Bank PLC, Shanghai Branch
67	Swedbank, Shanghai Branch	68	Nordea Bank AB Shanghai Branch
69	State Bank of India, Shanghai Branch	70	Sumitomo Mitsui Trust Bank, Ltd., Shanghai Branch
71	Bangkok Bank (China ) Company, Ltd.	72	Shinhan Bank (China) Co., Ltd.
73	Huishang Bank	74	Bank of Jiangsu
75	Bank of Harbin	76	Malaysia Maybank Limited Shanghai Branch
77	Shanghai Rural Commercial Bank	78	Xiamen Bank Co., Ltd.
79	Chinese Mercantile Bank		



Table S17 List of Banks Engaging in the RMB Swap Business against Foreign Currencies

			As of December 31, 201.
No.	Name of Bank	No.	Name of Bank
1	Industrial and Commercial Bank of China Limited		Agriculture Bank of China Limited
3	Bank of China, Ltd.	4	China Construction Bank Corporation
5	Bank of Communications Co., Ltd.	6	China Citic Bank
7	China Merchants Bank Co., Ltd.	8	China Everbright Bank
9	HuaXia Bank Co., Ltd.	10	China Guangfa Bank Co., Ltd.
11	China Development Bank	12	Industrial Bank Co., Ltd.
13	China Bohai Bank Co., Ltd.	14	Bank of Ningbo Co., Ltd.
15	Bank of Shanghai Co., Ltd.	16	Bank of Hangzhou
17	Ping An Bank Co., Ltd.	18	Nanyang Commercial Bank (China) Co., Ltd.
19	First Sino Bank	20	CITIC Bank International (China), Ltd.
21	BNP Paribas (China), Ltd.	22	Xiamen International Bank
23	DBS Bank (China), Ltd.	24	Shanghai Pudong Development Bank
25	HSBC Bank (China) Company, Ltd.	26	Bank of America, Shanghai, Beijing and Guangzhou Branch
27	Citibank (China) Co., Ltd.	28	Bank of Montreal (China) Co., Ltd.
29	Royal Bank of Scotland (China) Co., Ltd.	30	Standard Chartered Bank (China), Ltd.
31	Société Générale (China), Ltd.	32	Morgan Chase Bank (China) Company, Ltd.
33	Sumitomo Mitsui Banking Corporation (China), Ltd.	34	Credit Suisse Shanghai Branch
35	Australia and New Zealand Bank (China) Co., Ltd.	36	Commerzbank, Shanghai Branch and Beijing Branch
37	KBC Bank N.V., Shanghai, Shenzhen, Nanjing Branch	38	United Overseas Bank (China), Ltd.
39	Hang Seng Bank (China), Ltd.	40	Deutsche Bank (China) Co., Ltd.
41	ING Bank N. V., Shanghai Branch	42	Mizuho Corporation Bank (China), Ltd.
43	Platium Natexis Banques Populaires, Shanghai Branch	44	UBS AG, Beijing Branch
45	Bank of Nova Scotia, Shanghai Branch	46	DnB NOR Bank ASA, Shanghai Branch
47	OCBC Bank (China), Ltd.	48	Barclays Bank PLC, Shanghai Branch

Table S17 (concluded)

No.	Name of Bank	No.	Name of Bank
49	Svenska Handelsbanken AB (publ), Shanghai Branch	50	Skandinaviska Enskilda Banken AB (publ), Shanghai Branch
51	Bank of Tokyo-Mitsubishi UFJ (China), Ltd.	52	Swedbank, Shanghai Branch
53	Bank of Nanjing	54	Nordea Bank AB Shanghai Branch
55	China Minsheng Bank	56	Woori Bank China, Ltd.
57	Bank of East Asia (China), Ltd.	58	Bangkok Bank (China ) Company, Ltd.
59	Shinhan Bank (China) Co., Ltd.		



Table S18 Members of the Interbank Foreign Exchange Forward Market Registered with the SAFE

No.	Member	No.	Member
1	Industrial and Commercial Bank of China Limited	45	HSBC Bank (China) Company, Ltd.
2	Agriculture Bank of China Limited		Bank of Montreal (China) Co., Ltd.
3	Bank of China, Ltd.	47	Citibank (China) Co., Ltd.
4	China Construction Bank Corporation	48	Standard Chartered Bank (China), Ltd.
5	Bank of Communications Co., Ltd.	49	Royal Bank of Scotland (China) Co., Ltd.
6	China CITIC Bank Corporation, Ltd.	50	Morgan Chase Bank (China) Company, Ltd.
7	China Merchants Bank Co., Ltd.	51	Société Générale (China), Ltd.
8	China Everbright Bank	52	Credit Agricole Indosuez (China) Co., Ltd.
9	HuaXia Bank Co., Ltd.	53	Sumitomo Mitsui Banking Corporation (China), Ltd.
10	China Guangfa Bank Co., Ltd.	54	Metropolitan Bank (China)
11	Ping An Bank Co., Ltd.	55	Credit Suisse Shanghai Branch
12	Industrial Bank Co., Ltd.	56	Australia and New Zealand Bank (China) Co., Ltd.
13	China Minsheng Banking Corp., Ltd.	57	Commerzbank, Shanghai Branch
14	China Zheshang Bank Co., Ltd.	58	KBC Bank N.V., Shanghai Branch
15	China Bohai Bank Co., Ltd.	59	Bangkok Bank (China) Company, Ltd.
16	Export-Import Bank of China	60	Intesa Sanpaolo S.p.A., Shanghai Branch
17	China Development Bank	61	Hang Seng Bank (China), Ltd.
18	Bank of Beijing Co., Ltd.	62	Rabobank, Shanghai Branch
19	CNOOC Finance Corporation Limited	63	ING Bank N. V., Shanghai Branch
20	Postal Savings Bank of China	64	United Overseas Bank (China), Ltd.
21	Bank of Shanghai Co., Ltd.	65	Platium Natexis Banques Populaires, Shanghai Branch
22	CES Finance Co., Ltd.	66	Deutsche Bank (China) Co., Ltd., Beijing Branch
23	Shanghai Automotive Group Finance Limited Liability Company	67	Deutsche Bank (China) Co., Ltd.
24	Shanghai Electric Group Finance Co., Ltd.	68	Malaysia Maybank Limited Shanghai Branch

Table S18 (concluded)

No.	Member	No.	Member
25	Shanghai Rural Commercial Bank Co., Ltd.	69	Chiyu Banking Corporation, Ltd., Xiamen Branch
26	Bank of Harbin Co., Ltd.	70	Bank of Nova Scotia, Shanghai Branch
27	Bank of Nanjing	71	Bank of Nova Scotia, Guangzhou Branch
28	Bank of Jiangsu	72	Wing Hang Bank (China), Ltd.
29	Bank of Hangzhou	73	OCBC Bank (China), Ltd.
30	Bank of Ningbo Co., Ltd.	74	Mizuho Corporate Bank (China) Limited Beijing Branch
31	Huishang Bank Corporation Limited	75	Mizuho Corporate Bank (China) Co., Ltd. Dalian Branch
32	Haier Group Finance Co., Ltd.	76	Mizuho Corporate Bank (China) Co., Ltd.
33	Bank of East Asia (China), Ltd.	77	Mizuho Corporate Bank (China) Co., Ltd. Shenzhen Branch
34	Nanyang Commercial Bank (China) Co., Ltd.	78	UBS (China), Ltd.
35	Woori Bank China, Ltd.	79	Svenska Handelsbanken AB (publ), Shanghai Branch
36	CITIC Bank International (China), Ltd.	80	State Bank of India, Shanghai Branch
37	Shinhan Bank (China) Co., Ltd.	81	DnB NOR Bank ASA, Shanghai Branch
38	First Sino Bank	82	Bank of Tokyo-Mitsubishi UFJ (China), Ltd.
39	Xiamen International Bank Co., Ltd.	83	Sumitomo Mitsui Trust Bank , Shanghai Branch
40	Chinese Mercantile Bank	84	Norddeutsche Landesbank Girozentrale, Shanghai Branch
41	BNP Paribas (China), Ltd.	85	Skandinaviska Enskilda Banken AB (publ), Shanghai Branch
42	Shanghai Pudong Development Bank	86	Barclays Bank PLC, Shanghai Branch
43	DBS Bank (China), Ltd.	87	Swedbank, Shanghai Branch
44	Bank of America, Shanghai Branch	88	Nordea Bank AB Shanghai Branch

Table S19 Banks as Market-Makers in the Trading of RMB-Forex on the Interbank Forex Market

Name of Bank	Spot Market- Maker	Forward- Swap Market- Maker	Spot Trial Market- Maker	Forward- Swap Trial Market Maker
Bank of China		$\sqrt{}$		
Agricultural Bank of China	$\sqrt{}$	$\sqrt{}$		
Industrial and Commercial Bank of China	$\sqrt{}$	$\sqrt{}$		
China Construction Bank	$\sqrt{}$	$\sqrt{}$		
Bank of Communications	$\sqrt{}$	$\sqrt{}$		
China Citic Bank	$\sqrt{}$	$\sqrt{}$		
China Development Bank	$\sqrt{}$	$\sqrt{}$		
Shanghai Pudong Development Bank	$\sqrt{}$	$\sqrt{}$		
China Everbright Bank	$\sqrt{}$	$\sqrt{}$		
Huaxia Bank	$\sqrt{}$	$\sqrt{}$		
Industrial Bank	$\sqrt{}$	$\sqrt{}$		
Citibank (China) Co., Ltd.	$\sqrt{}$	$\sqrt{}$		
Standard Chartered Bank (China), Ltd.	$\sqrt{}$	$\sqrt{}$		
HSBC Bank (China) Company, Ltd.	$\sqrt{}$	$\sqrt{}$		
Deutsche Bank (China) Co., Ltd.	$\sqrt{}$	$\sqrt{}$		
Sumitomo Mitsui Banking Corporation (China), Ltd.	$\sqrt{}$	$\sqrt{}$		
Bank of Tokyo-Mitsubishi UFJ (China), Ltd.	$\sqrt{}$	$\sqrt{}$		
Royal Bank of Scotland (China) Co., Ltd.	$\sqrt{}$	$\sqrt{}$		
China Merchants Bank	$\sqrt{}$	$\sqrt{}$		
China Minsheng Bank	$\sqrt{}$	$\sqrt{}$		
Credit Agricole Indosuez (China) Co., Ltd.	$\sqrt{}$			$\sqrt{}$
Guangdong Development Bank	$\sqrt{}$	$\sqrt{}$		
Ping An Bank	$\sqrt{}$	$\sqrt{}$		
Bank of Ningbo	$\sqrt{}$	$\sqrt{}$		
Bank of Montreal (China) Co., Ltd.	$\sqrt{}$			$\sqrt{}$
BNP Paribas (China), Ltd.	$\sqrt{}$			$\sqrt{}$
Mizuho Corporation Bank (China), Ltd.	$\sqrt{}$	$\sqrt{}$		
DBS Bank (China), Ltd.	$\sqrt{}$	$\sqrt{}$		
Bank of America Shanghai Branch	$\sqrt{}$	$\sqrt{}$		
Morgan Chase Bank (China) Company, Ltd.	$\sqrt{}$	$\sqrt{}$		
Postal Savings Bank of China	$\sqrt{}$			
Bank of Beijing			$\sqrt{}$	
Bank of Shanghai			$\sqrt{}$	
Bank of Nanjing			$\sqrt{}$	

Table S20 List of Insurance Institutions Operating Foreign Exchange Businesses

No.	Name of Company	License No.	Period	Business Scope
1	Fubon Property & Casualty Insurance Co., Ltd.	IC2011006	2011.02.14- 2014.02.13	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
2	Chubb Insurance (China) Co., Ltd.	IC2011008	2011.04.08- 2014.04.07	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
3	China Coal Insurance Co., Ltd.	IC2011009	2011.03.30- 2014.03.29	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
4	Zheshang Property and Casualty Insurance Company, Ltd.	IC2011010	2011.03.25- 2014.03.24	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
5	XL Insurance (China) Company, Ltd.	IC2011011	2011.05.03- 2014.05.02	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
6	Aioi Nissay Dowa Insurance (China) Company Limited	IC2011012	2011.05.16- 2014.05.15	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
7	Lloyd's Insurance Company (China), Ltd.	IC2011014	2011.06.03- 2014.06.02	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
8	SCOR S.E., Beijing Branch	IC2011015	2011.05.19- 2014.05.18	Foreign Exchange Reinsurance and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (continued)

No.	Name of Company	License No.	Period	Business Scope
9	Alltrust Property Insurance Company, Ltd.	IC2011016	2011.06.13- 2014.06.12	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
10	Bank of China Insurance Company, Ltd.	IC2011017	2011.06.27- 2014.06.26	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
11	Ping An Health Insurance Company of China, Ltd.	IC2011020	2011.02.03- 2014.02.02	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
12	Sompo Japan Insurance (China) Co., Ltd.	IC2011021	2011.07.07- 2014.07.06	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
13	Taishan Property & Casualty Insurance Co., Ltd.	IC2011022	2011.06.24- 2014.06.23	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
14	Hannover Rueckversicherung AG, Shanghai Branch	IC2011023	2011.07.21- 2014.07.20	Foreign Exchange Reinsurance and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
15	Sino-U.S. United MetLife Insurance Company, Ltd.	IC2011024	2011.06.24- 2014.06.23	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

No.	Name of Company	License No.	Period	Business Scope
16	China Reinsurance (Group) Corporation	IC2011025	2011.05.09- 2014.05.08	Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, Domestic Interbank Foreign Exchange Borrowing, Trade in Foreign Currency Bonds Approved, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
17	ING-BOB Life Insurance Co., Ltd.	IC2011026	2011.02.20- 2014.02.19	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
18	JinTai Property & Casualty Insurance Co., Ltd.	IC2011027	2011.07.12- 2014.07.11	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
19	Sun Alliance Insurance (China), Ltd.	IC2011028	2011.08.16- 2014.08.15	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
20	Tianping Auto Insurance Company, Ltd.	IC2011029	2011.08.23- 2014.08.22	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
21	Cathay Life Insurance Company, Ltd.	IC2011030	2011.08.25- 2014.08.24	Foreign Exchange Personal Insurance, Domestic Interbank Foreign Exchange Borrowing, Trade in Foreign Currency Bonds Approved
22	Minan Property and Casualty Insurance Co., Ltd.	IC2011031	2011.05.18- 2014.05.17	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
23	AnXin Agricultural Insurance Co., Ltd.	IC2011032	2011.09.15- 2014.09.14	Foreign Exchange Reinsurance and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (continued)

No.	Name of Company	License No.	Period	Business Scope
24	The Tokio Marine & Nichido Fire Insurance Company (China), Ltd.	IC2011033	2011.09.21- 2014.09.20	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
25	CIGNA and CMC Life Insurance Company, Ltd.	IC2011034	2011.09.22- 2014.09.21	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
26	Huatai Property Insurance Company, Ltd.	IC2011035	2011.09.05- 2014.09.04	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
27	CCB Life	IC2011036	2011.10.10- 2014.10.09	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
28	Swiss Re-insurance Company, Beijing Branch	IC2011037	2011.10.10- 2014.10.09	Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
29	New China Life Insurance Company, Ltd.	IC2011038	2011.10.11- 2014.10.10	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

No.	Name of Company	License No.	Period	Business Scope
30	CATHAY Insurance	IC2011039	2011.11.07- 2014.11.06	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
31	Sunshine Property & Casualty Insurance Company	IC2011040	2011.11.16- 2014.11.15	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
32	Huatai Life Insurance Company, Ltd.	IC2012001	2012.02.01- 2015.01.31	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
33	Aviva-COFCO Life Insurance Co., Ltd.	IC2012002	2012.03.16- 2015.03.15	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
34	Dubon Property & Casualty Insurance Co., Ltd.	IC2012003	2012.04.23- 2015.04.22	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
35	Allianz China Life Insurance Co., Ltd.	IC2012004	2012.04.20- 2015.04.19	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (continued)

No.	Name of Company	License No.	Period	Business Scope
36	Sun Life Everbright Life Insurance Co., Ltd.	IC2012005	2012.04.15- 2015.04.14	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
37	Bohai Property Insurance Co., Ltd.	IC2012007	2012.04.17- 2015.04.16	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
38	DingHe Property Insurance Co., Ltd.	IC2012008	2012.04.07- 2015.04.06	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
39	NIPPONKOA Insurance Company (China), Ltd.	IC2012009	2012.05.31- 2015.05.30	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
40	Zhongxin Grand Oriental Person's Life Insurance Co., Ltd.	IC2012010	2012.05.11- 2015.05.10	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
41	Allianz China General Insurance Company Ltd.	IC2012011	2012.06.06- 2015.06.05	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
42	GuoYuan Agriculture Insurance Co., Ltd.	IC2012012	2012.06.05- 2015.06.04	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

No.	Name of Company	License No.	Period	Business Scope
43	Yingda Taihe Property Insurance Co., Ltd.	IC2012013	2012.06.11- 2015.06.10	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
44	Union Life Insurance Co., Ltd.	IC2012014	2012.06.17- 2015.06.16	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
45	Sunlight Agricultural Mutual Insurance Company	IC2012015	2012.08.07- 2015.08.06	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
46	AnHua Agricultural Insurance Company Ltd.	IC2012016	2012.07.11- 2015.07.10	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
47	FOUNDER MEIJI YASUDA LIFE INSURANCE CO.,LTD.	IC2012017	2012.07.17- 2015.07.16	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
48	Sinosafe General Insurance Co., Ltd.	IC2012018	2012.07.19- 2015.07.18	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
49	СНАС	IC2012019	2012.08.06- 2015.08.05	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
50	Groupama-AVIC Property Insurance Co., Ltd.	IC2012021	2012.08.21- 2015.08.20	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (continued)

No.	Name of Company	License No.	Period	Business Scope
51	Chang An Property and Liability Insurance Ltd.	IC2012023	2012.08.13- 2015.08.12	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
52	ICBC – AXA Life Insurance Co., Ltd.	IC2012024	2012.09.10- 2015.09.09	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
53	China Life Insurance Co., Ltd.	IC2012025	2012.10.23- 2015.10.22	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
54	China Export & Credit Insurance Corporation	IC2012026	2012.09.22- 2015.09.21	Export Credit Insurance Under Foreign Exchange Property Insurance, Foreign Exchange Reinsurance of the Above Insurance, Foreign Exchange Guarantees under the Above Foreign Exchange Insurance, Domestic Interbank Foreign Exchange Borrowing, Trade in Foreign Currency Bonds Approved, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
55	Shin Kong – HNA Life Insurance Company Ltd.	IC2012028	2012.08.07- 2015.08.06	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
56	China Life Insurance (Group) Company	IC2012029	2012.10.19- 2015.10.18	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

No.	Name of Company	License No.	Period	Business Scope
57	Changjiang Property & Casualty Insurance Co., Ltd.	IC2012030	2012.10.30- 2015.10.29	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
58	PICC Property and Casualty Company Ltd.	IC2012031	2012.12.08- 2015.12.07	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
59	Taiping Reinsurance Co., Ltd., Beijing Branch	IC2012032	2012.11.17- 2015.11.16	Foreign Exchange Reinsurance and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
60	China Huanong Property & Casualty Insurance Co., Ltd.	IC2012033	2012.11.13- 2015.11.12	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
61	Anbang Insurance Co., Ltd.	IC2012034	2012.12.12- 2015.12.11	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
62	Taiping General Insurance Co., Ltd.	IC2012035	2013.01.15- 2016.01.14	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (continued)

No.	Name of Company	License No.	Period	Business Scope
63	Taikang Life Insurance Co., Ltd.	IC2012036	2012.10.22- 2015.10.21	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
64	Sunshine Life Insurance Corporation Limited.	IC2013002	2012.10.19- 2015.10.18	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
65	ZKING Property &Casualty Insurance Co., Ltd.	IC2013003	2012.12.28- 2015.12.27	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
66	China Continent Property & Casualty Insurance Company	IC2013004	2013.03.25- 2016.03.24	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
67	China Property & Casualty Reinsurance Company, Ltd.	IC2013005	2012.12.31- 2015.12.30	Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
68	Munich Reinsurance Company, Beijing Branch	IC2013009	2013.02.22- 2016.02.21	Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

No.	Name of Company	License No.	Period	Business Scope
69	BoComm Life Insurance Company, Ltd.	IC2013010	2013.03.25- 2016.03.24	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
70	LIG Insurance (China) Co, Ltd.	IC2013011	2013.01.26- 2016.01.25	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
71	China Pacific Insurance (Group) Co., Ltd.	IC2013012	2013.02.16- 2016.02.15	Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchanges Business Approved by the Foreign Exchange Authority
72	China Life Reinsurance Company, Ltd.	IC2013013	2013.03.23- 2016.03.22	Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
73	Tian An Property Insurance Co., Ltd.	IC2013014	2013.03.13- 2016.03.12	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
74	Hyundai Insurance (China) Company, Ltd.	IC2013015	2013.03.24- 2016.03.23	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (continued)

No.	Name of Company	License No.	Period	Business Scope
75	Manulife-Sinochem Life Insurance Co., Ltd.	IC2013016	2013.03.15- 2016.03.14	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
76	PICC	IC2013017	2013.03.22- 2016.03.21	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
77	Dazhong Insurance Co., Ltd. of China	IC2013018	2013.02.25- 2016.02.24	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
78	AnBang Insurance Group Co., Ltd.	IC2013019	2013.02.21- 2016.02.20	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
79	Generali China Life Insurance Co., Ltd.	IC2013020	2013.03.13- 2016.03.12	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

No.	Name of Company	License No.	Period	Business Scope
80	China Life Property & Casualty Insurance Company, Ltd.	IC2013021	2013.05.08- 2016.05.07	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
81	CITIC-Prudential Life Insurance Company, Ltd.	IC2013022	2013.04.13- 2016.04.12	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
82	Cinda Property and Casualty Insurance Co., Ltd.	IC2013023	2013.04.27- 2016.04.26	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
83	Beibu Gulf Property & Casualty Insurance Company	IC2013024	2013.05.03- 2016.05.02	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
84	Ancheng Property & Casualty Insurance Co., Ltd.	IC2013025	2013.06.29- 2016.06.28	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
85	China United Property Insurance Company, Ltd.	IC2013026	2013.05.21- 2016.05.20	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (continued)

No.	Name of Company	License No.	Period	Business Scope
86	Samsung Property & Casualty Insurance Company (China), Ltd.	IC2013027	2013.08.16- 2016.08.15	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
87	Heng An Standard Life Insurance Company Limited	IC2013028	2013.06.13- 2016.06.12	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
88	Urtrust Automobile Insurance Co., Ltd.	IC2013029	2013.06.21- 2016.06.20	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
89	Liberty Insurance Co., Ltd.	IC2013030	2013.08.10- 2016.08.09	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
90	AIA Beijing Branch	IC2013031	2013.07.05- 2016.07.04	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
91	AXA Insurance Limited	IC2013032	2013.07.26- 2016.07.25	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
92	Zurich Property Insurance (China) Co., Ltd.	IC2013033	2013.08.01- 2016.07.31	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

No.	Name of Company	License No.	Period	Business Scope
93	AIA Jiangsu Branch	IC2013034	2013.07.31- 2016.07.30	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation, Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
94	AIA Guangdong Branch	IC2013035	2013.07.31- 2016.07.30	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
95	AIA Shanghai Branch	IC2013036	2013.07.31- 2016.07.30	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
96	AIA Shenzhen Branch	IC2013037	2013.07.31- 2016.07.30	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
97	China Pacific Life Insurance Co., Ltd.	IC2013038	2013.09.07- 2016.09.06	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
98	PICC Life Insurance Co., Ltd.	IC2013039	2013.10.16- 2016.10.15	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
99	Huaxia Life Insurance Company Limited	IC2013040	2013.08.21- 2016.08.20	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (continued)

No.	Name of Company	License No.	Period	Business Scope
100	Sino Life Insurance Co., Ltd.	IC2013041	2013.08.22- 2016.08.21	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
101	Mitsui Sumitomo Insurance (China) Company, Limited	IC2013042	2013.10.15- 2016.10.14	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
102	Generali China Insurance Co., Ltd.	IC2013043	2013.10.17- 2016.10.16	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
103	General Reinsurance AG, Shanghai Branch	IC2013044	2013.10.15- 2016.10.14	Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
104	Chartis Insurance Company, Ltd.	IC2013045	2013.09.24- 2016.09.23	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Trade in Foreign Currency Bonds, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
105	Kuo Hua Life Insurance Co., Ltd.	IC2013046	2013.09.18- 2016.09.17	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
106	China Pacific Property Insurance Co., Ltd.	IC2013047	2013.08.10- 2016.08.09	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
107	Pramerica Fosun Life Insurance Co., Ltd.	IC2013048	2013.09.27- 2016.09.26	Foreign Exchange Personal Insurance and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

No.	Name of Company	License No.	Period	Business Scope
108	YongAn Property Insurance Company, Ltd.	IC2013049	2013.09.28- 2016.09.27	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
109	Huatai Life Insurance Company, Ltd.	IC2013050	2013.10.19- 2016.10.18	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
110	AEGON-CNOOC Life Insurance Co., Ltd.	IC2013051	2013.12.03- 2016.12.02	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
111	Ping An Life Insurance Company of China, Ltd.	IC2013052	2013.12.17- 2016.12.16	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds Approved, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
112	Ping An Property & Casualty Insurance Company of China, Ltd.	IC2013053	2013.12.17- 2016.12.16	Foreign Exchange Property Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority
113	Ping An Insurance (Group) Company of China, Ltd.	IC2013054	2013.12.17- 2016.12.16	Foreign Exchange Property Insurance, Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Foreign Exchange Maritime Guarantees, Domestic Interbank Foreign Exchange Borrowing, Domestic Trade in Foreign Currency Bonds, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority

Table S20 (concluded)

No.	Name of Company	License No.	Period	Business Scope
114	Taiping Life Insurance Co., Ltd.	IC2013056	2013.04.02- 2016.04.01	Foreign Exchange Personal Insurance, Foreign Exchange Reinsurance, Domestic Interbank Foreign Exchange Borrowing, Credit Standing Investigation and Consulting Business, and Other Foreign Exchange Business Approved by the Foreign Exchange Authority



## Major Events in China's Foreign Exchange Administration in 2013

#### January

#### January 10-11

The SAFE convened the National Foreign Exchange Administration Work Conference to convey and study the spirit of the Eighteenth National Party Congress and the Central Economic Work Conference, to provide an overall summary of work in recent years related to reform in the main areas of foreign exchange administration and prevention of risks of cross-border capital flows, to deeply analyze the current situation with respect to the economy, finance, and the balance of payments, and to set forth the tasks for foreign exchange administration in 2013.

#### January 24

The SAFE convenes an extended meeting of the central team of the Party Leadership Group on Theoretical Study to deliver and study the spirit of the Second Plenary Session of the Eighteenth Central Commission for Discipline Inspection of the CPC and conducts research and makes implementation arrangements.

#### January 28

The SAFE issues the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration on Overseas Listings (Huifa No. 5 [2013]), with the registration as the core significantly simplifying the business procedures and materials to be examined; regulating businesses such as fund exchanges for increases (or decreases) of their overseas shares by overseas listed enterprises' domestic shareholders, and further improving foreign exchange administration on overseas listings of domestic enterprises.

#### February

#### February 1

The SAFE issues the Circular of the General Affairs Department of the State Administration of Foreign Exchange on Carrying out the Pilot on Foreign Exchange Payment Business of Payment Institutions in Cross-border E-commerce (Huizongfa No. 5 [2013]) to carry out pilots in regions such as Shanghai, Beijing, Chongqing, Zhejiang, and Shenzhen, allowing payment institutions that participate in the pilots to handle the business of cross-border receipts and payments of foreign exchange and the business of foreign exchange settlements and sales for e-commerce customers.

#### February 5

The SAFE convenes the Work Conference on Construction of a Team of Cadres and the Party's Work Style and Clean Government to deliver the spirit of the Second Plenary Session of the Eighteenth CPC Central Commission for Discipline Inspection, providing a summary of work related to clean government in 2012 and setting forth the work tasks in 2013.

#### March

#### March 11

The SAFE issues the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning the Pilot Program of Domestic Securities Investments by RMB Qualified Foreign Institutional Investors (Huifa No. 9 [2013]) to cooperate with the expansion of the RQFII pilot program, further regulate foreign exchange administration of the RQFIIs, expand the types of institutions and the investment scope, and improve supervision of the outflow and inflow of capital.

#### March 13

Administrator Yi Gang participates in the press conference held by the News Center of the First Session of the Twelfth National People's Congress and, together with the relevant leaders of the People's Bank of China, answers questions raised by Chinese and foreign journalists on "Monetary Policy and Financial Reform."

#### March 18

The SAFE issues the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Administration of the TWD Exchange (Huifa No. 11 [2013]) to regulate the TWD exchange business handled by such institutions as commercial banks.

#### March 27

The SAFE convenes an extended meeting of the central team of the Party Leadership Group on Theoretical Study to deliver and study the spirit of the First Clean Government Work Conference of the State Council, and conducts research and makes implementation arrangements.

From March to October, in accordance with the work requirements of the CPC Central Commission for Discipline Inspection and the uniform arrangements of the People's Bank of China, the SAFE carries out work related to the prevention and control of risks of corruption, and builds a long-term mechanism for the prevention and control of risks of corruption, by sorting out authorities, finding risk points, determining risk levels, and developing preventive measures.

#### April

#### April 17

The SAFE convened a meeting to arrange special activities against false entrepôt trade and commenced special activities against false entrepôt trade.

#### April 18

The 2013 Budget of the State Administration of Foreign Exchange is published.

#### April 21

The SAFE issues the Circular of the General Affairs Department of the State Administration of Foreign Exchange on Relevant Issues Concerning Improving Foreign Exchange Administration on Earthquake Relief Work in Yaan City of Sichuan Province (Huizongfa No. 50 [2013]) to make every effort to cooperate with the earthquake relief work and to strengthen support by foreign exchange administration policy services.

#### April 23

The SAFE issues the Circular of the State Administration of Foreign Exchange on Printing and Distributing the Measures for Foreign Exchange Administration in the Customs Special Supervision Areas (Huifa No. 15 [2013]) to further facilitate and improve foreign exchange administration in customs special supervision areas and to promote the sound development of the customs special supervision areas.

#### April 27

The SAFE convenes a briefing on foreign exchange inspections of financial institutions to circulate information about irregular activities in the foreign exchange business of financial institutions.

#### April 28

The SAFE issues the Circular of the State Administration of Foreign Exchange on Promulgating the Measures for Administration of the External Debt Registration (Huifa No. 19 [2013]) to optimize administration procedures for external debt registration, simplify administrative links for external debt registration, cancel some approval procedures for external debt management, and further improve registration and statistics and monitoring of the external debt.

#### April 22-26

The SAFE holds training courses for its leading cadres above the deputy division level to study and implement the spirit of the Eighteenth National Party Congress.

#### May

#### May 5

The SAFE issues the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening Administration of the Inflow of Foreign Exchange Funds (Huifa No. 20 [2013]) to strengthen management of the banks' synthetic positions concerning foreign exchange settlements and sales and to strengthen classified management of foreign exchange receipts and payments for trade in goods of import and export enterprises, requiring banks to strengthen responsibility awareness and meanwhile to increase

efforts for verification and inspection of foreign exchange administration and to guard against the risks of foreign exchange receipts and payments.

#### May 6

The SAFE convenes a national video conference on guarding against unusual inflows of cross-border capital to mobilize and arrange the strengthening of work related to administration of the inflow of foreign exchange funds.

#### May 10

The SAFE issues the Circular of the State Administration of Foreign Exchange on Printing and Distributing the Provisions Foreign Exchange Administration of Domestic Direct Investments by Foreign Investors and the Supporting Documents (Huifa No. 21 [2013]) to further regulate and define foreign exchange administration of direct investments in China by foreign investors and to promote the facilitation of direct investments.

#### May 29

The SAFE and the Ministry of Public Security (MPS) convenes a summing up and awards ceremony on struggling against illegal and criminal foreign exchange activities. The conference summarizes progress made by the SAFE and the MPS in 2012 in terms of ferreting out illegal and criminal cases in foreign exchange transactions, such as underground money shops and so forth, and commended advanced organizations and individuals for outstanding performance during these campaigns.

#### June

#### June 3

The SAFE issues the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Improving Foreign Exchange Administration of the Overseas Futures Hedging Business of State-owned Enterprises (Huifa No. 25 [2013]) to significantly simplify overseas derivatives business management procedures and processes, cancel the examination and approval procedures for account opening, transfers, and outward and inward remittances of funds, foreign exchange settlements and purchases, and so forth, and to further promote the facilitation of capital accounts.

#### June 19

The SAFE convenes an extended meeting of the central team of the Party Leadership Group on Theoretical Study to convey and study the spirit of the Work Conference on the CPC's Mass Line Education and Practice Campaign and to set forth relevant tasks for its thorough implementation.

#### June 26

For the first time, the SAFE publishes data on the RMB deposit balances of non-residents.

#### July

#### July 9

The SAFE and the State Administration of Taxation jointly issues the Announcement of the State Administration of Foreign Exchange and the State Administration of Taxation on Relevant Issues Concerning Tax Filings for External Payments for the Services Trade and Other Accounts (Announcement of the State Administration of Taxation and the State Administration of Foreign Exchange, No. 40 [2013]), to define the trade items that require tax filings for external payments and to simplify the procedures for tax filings for external payments.

#### July 15

The SAFE convenes a mobilization conference on deeply carrying out the CPC's Mass Line Education and Practice Campaign to study and implement the spirit of the Work Conference on the CPC's Mass Line Education and Practice Campaign held by the CPC Central Committee and to mobilize and arrange that the SAFE carry out the CPC's Mass Line Education and Practice Campaign.

#### July 18

The SAFE issues the Circular of the State Administration of Foreign Exchange on Printing and Distributing the Regulations on Foreign Exchange Administration with Respect for Trade in Services (Huifa No. 30 [2013]) to cancel the requirements for approval of foreign exchange purchases or payments for trade in services, to simplify document examinations, to relax overseas deposits, to strengthen balanced management and ex-

post management, and to further promote the facilitation of trade and investment.

July 18

The SAFE publishes the 2012 Final Accounts of Departments of the State Administration of Foreign Exchange.

July 25

The SAFE convenes an extended meeting of the central team of the Party Leadership Group on Theoretical Study to deeply study and implement the spirit of the documents related to the CPC's Mass Line Education and Practice Campaign and to focus on improving the results of study and education.

July 29

The SAFE holds a special report meeting on the CPC's Mass Line Education and Practice Campaign and invites relevant experts to deliver special reports to SAFE cadres who are Party members.

#### August

#### August 5

Based on the work arrangements of the CPC Central Committee and the State Council for current economic conditions and for the coming period as well as the spirit of the Seminar for Presidents from Branches and Sub-branches of the People's Bank of China, the 2013 Mid-year Branch Directors' Meeting that was convened by the State Administration of Foreign Exchange (SAFE) summarizes the progress achieved in foreign exchange administration since the beginning of 2013, studies and analyzes the financial foreign exchange situation, and maps out the priorities for foreign exchange administration for the second half of the year.

#### August 12

The SAFE issues the Catalogue of Existing Laws and Regulations in Effect on Foreign Exchange Administration (as of July 31, 2013) to further facilitate knowledge and use of foreign exchange administration regulations by banks, enterprises, and individuals and to promote law-based foreign exchange administration.

#### August 14

Mr. Zhou Xiaochuan, the Secretary of the CPC Committee and the Governor of the People's Bank of China, goes to the Central Foreign Exchange Business Center of the SAFE to carry out investigation and research on the CPC's Mass Line Education and Practice Campaign.

#### August 20

The SAFE convenes an extended meeting of the central team of the Party Leadership Group on Theoretical Study to deeply study and implement the speech delivered by General Secretary Xi Jinping when he investigated, researched, and guided the CPC's Mass Line Education and Practice Campaign in Hebei Province and to further clarify the focus, basic requirements, and the methods of educational practices.

#### August 21

The SAFE issues the Regulations on Foreign Exchange Administration of Overseas Securities Investments by Qualified Domestic Institutional Investors (Announcement No.1 [2013] of the State Administration of Foreign Exchange), to simplify the administration procedures, cancel the business restrictions, and better satisfy the needs of domestic institutions and individuals to make overseas securities investments.

#### August 23

Mr. Yi Gang, the Secretary of CPC Leading Group and Administrator of the SAFE, goes to the Beijing Office of the SAFE to carry out investigation and research on the CPC's Mass Line Education and Practice Campaign.

From August to November, the SAFE carries out a special campaign on warning education with respect to the construction of the Party's work style and clean government. The SAFE strengthens awareness of clean governance by cadres who are Party members by holding special report meetings on the prevention of crimes while on duty, visiting the Beijing Warning Education Base for Clean Government, studying the spirit of the speeches of the leaders and the spirit of the documents of the CPC Central Committee, carrying out a series of reading campaigns, and so on.

#### September

#### September 16

Seventeen payment institutions, such as Alipay.com Co., Ltd. and Shenzhen Tenpay Technology Co., Ltd., are accepted as the first batch of pilot institutions for foreign exchange payment business in cross-border e-commerce.

#### September 30

The SAFE convenes an extended meeting of the central team of the Party Leadership Group on Theoretical Study to conscientiously study the relevant news reports on the guidance provided by General Secretary Xi Jinping at the meeting on the special topic of democratic life held by the Standing Committee of the CPC Hebei Provincial Committee and to conscientiously study the Constitution of the Communist Party of China and the important speech delivered by Comrade Liu Yunshan with respect to the work related to the Mass Line Education and Practice Campaign.

#### October

#### October 28

The SAFE issues the Circular of the State Administration of Foreign Exchange on Relevant Foreign Exchange Administration Issues Concerning Trial Implementation of Domestic Loans in Small Amounts under the Overseas Guarantee Business in Certain Regions (Huifa No. 40 [2013]) to carry out trial implementation of domestic loans in small amounts under the overseas guarantee business within the jurisdictions of the SAFE branches in Guangdong province, Zhejiang province, Fujian province, and Shenzhen City and to allow domestic enterprises, under the guarantees provided by overseas institutions or individuals, to obtain a certain amount of domestic and foreign currency loans or credit limits from domestic financial institutions.

#### November

#### November 1

Official online operations of the SAFE Banking Information Web Portal are

#### launched.

#### November 4

The SAFE holds a meeting of the CPC Leading Group on the special topic of democratic life, with respect to the CPC's Mass Line Education and Practice Campaign. All members of the 29th Steering Group of the CPC Central Committee and the relevant leaders of the CPC Committee of the People's Bank of China attend the meeting.

#### November 14

Mr. Yi Gang, the Secretary of the CPC Leading Group and Administrator of the SAFE, convened and presided over a meeting to convey and study the spirit of the Third Plenary Session of the Eighteenth CPC Central Committee and sets forth the relevant tasks for thorough implementation of foreign exchange administration.

#### November 9

Premier of the State Council, Li Keqiang, executes Decree No. 642 of the State Council to promulgate the *Amended Measures for the Statistics and Declaration of the Balance of Payments*, to extend the scope of the balance of payments statistics to external financial assets and liabilities, to increase new declarers to include intermediary service institutions and non-residents of China and domestic individuals who carry out economic transactions in China, and to amend the confidentiality provisions and penalty provisions.

#### December

#### December 2

The SAFE issues the Circular of the State Administration of Foreign Exchange on Printing and Distributing the Statistical System for External Financial Assets, Liabilities, and Foreign Transactions (Huifa No. 43 [2013]) to adopt up-to-date international statistical standards and to amend in an all-round way the 1996 Business Operation Rules for Declaration of Overseas Assets and Liabilities and Profits and Losses by Financial Institutions.

#### December 6

The SAFE issues the Circular of the State Administration of Foreign Exchange

on Relevant Issues Concerning Improving Foreign Exchange Administration for Trade Financing Business of Banks (Huifa No. 44 [2013]) to supervise and urge banks to improve examination of the authenticity and compliance of trade financing, strengthen classified management of enterprises, increase punishment for irregular activities by banks and enterprises, contain false trade financing without a true trading background, and guard against unusual cross-border flows of foreign exchange funds.

#### December 9

The SAFE holds a briefing on inspection and policy regarding the banks' trade financing to circulate information about the work of "Special Actions against False Entrepôt Trade" carried out in 2013, to introduce foreign exchange administration policies on trade financing, to supervise and urge banks to strictly implement policies, and to strictly prohibit banks from flexibly implementing or assisting in evasion of the provisions on foreign exchange administration.

#### December 16

The SAFE convenes an extended meeting of the central team of the Party Leadership Group on Theoretical Study to deliver and study the spirit of the Central Economic Work Conference and the Central Urbanization Work Conference and to set forth the relevant tasks for thorough implementation of foreign exchange administration.

The SAFE issues the Circular of the State Administration of Foreign Exchange on Adjustments in the Administration of RMB-against-Foreign Exchange Derivatives Businesses (Huifa No. 46 [2013]) to simplify access management of foreign exchange swap and currency swap businesses, increase the number of principal exchange forms in the currency swap business, and support the banks to improve pricing and risk controls in the options business.

### Major Foreign Exchange Administration Policies and Regulations Promulgated in 2013

#### A. General

1. Circular of the State Administration of Foreign Exchange on Printing and Distributing the Measures for Foreign Exchange Administration in Customs Special Supervision Areas

Huifa No. 15 [2013]

Effective Date: June 1, 2013

Date of Promulgation: April 23, 2013

Date of Promulgation: May 5, 2013

Summary: Defining the basic principles of foreign exchange administration within these areas, including enterprises in these areas being allowed to use foreign currency as the denominated currency and for settlement, the flow of goods and the flow of capital of an enterprise not being allowed to correspond with each other, and the declaration rules for foreign exchange receipts and payments of enterprises in these areas.

2. Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening Administration on the Inflow of Foreign Exchange Funds

Huifa No. 20 [2013]

Effective Date: June 1, 2013

Summary: Strengthening management of the banks' synthetic positions concerning foreign exchange settlements and sales and linking such position quotas with the foreign exchange loan-to-deposit ratio; strengthening classified management of the foreign exchange receipts and payments for trade in goods of import and export enterprises; requiring banks to strengthen responsibility awareness and strictly implement the provisions on foreign exchange administration; and increasing efforts for verification and inspection of foreign exchange administration and strengthening monitoring, analysis, and public disclosures.

# B. Balance-of-Payments Statistics and Foreign Exchange Administration of Financial Institutions and the Foreign Exchange Market

1. Decision of the State Council on Amending the Measures for the Statistics and the Declaration of the Balance of Payments

Decree 642 of the State Council of the People's Republic of China Date of Promulgation: November 9, 2013 Effective Date: January 1, 2014

Summary: Amending the Measures for the Declaration of the Balance-of-Payments Statistics, approved by the State Council and issued by the People's Bank of China in 1995, to include both the flow and the stock in the scope of the declaration of the BOP statistics and to extend the scope of the declarers from residents of China to non-residents of China who carry out economic transactions in China.

2. Circular of the State Administration of Foreign Exchange on Printing and Distributing the Statistical System for External Financial Assets, Liabilities, and Foreign Transactions

Huifa No. 43 [2013]

Summary: The declarers include institutional legal persons that engage in the domestic banking industry, securities industry, insurance industry, and financial intermediary business, domestic major reporting branches of overseas financial institutions, and other designated institutions, and the content of the declaration is expanded to fully cover the stock and flow of external financial assets and liabilities and to cover other trade related to the balance of payments.

## 3. Circular of the State Administration of Foreign Exchange on Adjustments to the Administration of RMB-Against-Foreign Exchange Derivatives Businesses

Huifa No. 46 [2013]

Date of Promulgation: December 16, 2013 Effective Date: January 1, 2014

Summary: Simplifying access management of foreign exchange swap and currency swap businesses, increasing the number of principal forms of exchange in the currency swap business, supporting banks to improve pricing and risk controls in the options business, and facilitating the banks to accurately identify, measure, and manage exchange rate risks.



### C. Foreign Exchange Administration under the Current Account

1. Circular of the State Administration of Foreign Exchange on Printing and Distributing the Regulations on Foreign Exchange Administration for Trade in Services

Huifa No. 30 [2013]

Date of Promulgation: July 18, 2013

Effective Date: September 1, 2013

Summary: Cancelling the requirements for approval of foreign exchange purchases or payments for trade in services, with business handled directly within the financial institutions; simplifying the document examinations for foreign exchange purchases or payments for trade in services, and single receipts or payments of foreign exchange for trade in services, the amount of which is less than the equivalent of USD 50000, are not subject to the trading documents examination; cancelling most of the requirements for examining the approval or record documents from the relevant authorities, cancelling the tax certificates for external payments of foreign exchange, and so forth.

2. Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Improving Foreign Exchange Administration for Trade Financing Business of Banks

Huifa No. 44 [2013]

Date of Promulgation: December 6, 2013

Effective Date: December 6, 2013

Summary: Requiring that banks strengthen examination of the authenticity and compliance for trade financing; strengthening classified management of enterprises and emphasizing that foreign exchange receipts and payments by enterprises for trade shall have a true and lawful trade basis; and intensifying punishment for irregular bank and enterprise activities.

### D. Foreign Exchange Administration under the Capital Account

1. Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration on Overseas Listings

Huifa No. 5 [2013]

Date of Promulgation: January 28, 2013

Effective Date: January 28, 2013

Summary: Significantly simplifying the business procedures and materials to be examined, and allowing the enterprises to handle the procedures for account opening and fund exchanges with the banks after registering overseas listings without the approval of the SAFE or its branches.

2. Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning the Pilot Program of Domestic Securities Investments by RMB Qualified Foreign Institutional Investors

Huifa No. 9 [2013]

Date of Promulgation: March 11, 2013

Effective Date: March 11, 2013

Summary: Regulating business in the pilot program of domestic securities investments by RQFIIs and carrying out monitoring and management of the investment quota, the outward and inward remittances of funds, and other affairs related to domestic securities investments by RQFIIs in accordance with the law.

3. Circular of the State Administration of Foreign Exchange on Promulgating the Measures for Administration of Registration of the External Debt

Huifa No. 19 [2013]

Date of Promulgation: April 28, 2013

Effective Date: May 13, 2013

Summary: Optimizing administration procedures for external debt registration, simplifying administrative links for registration, cancelling some approval procedures, and, with the exception of the signing of the external debt contract, the opening of the account for the external debt and the foreign exchange settlement of funds and the repayment of the principal and interest

will be examined and handled directly by the designated foreign exchange banks. Improving registration and statistics and monitoring of the external.

4. Circular of the State Administration of Foreign Exchange on Printing and Distributing the Provisions on Foreign Exchange Administration of Domestic Direct Investments by Foreign Investors and the Supporting Documents

Huifa No. 21 [2013]

Effective Date: May 13, 2013

Date of Promulgation: May 10, 2013

Summary: Regulating and defining foreign exchange administration of direct investments in China by foreign investors. Simplifying the links involved in foreign direct investments, such as foreign exchange registration, account opening and use, receipts and payments of funds, and foreign exchange settlement and sales.

5. Regulations on Foreign Exchange Administration of Overseas Securities Investments by Qualified Domestic Institutional Investors

Announcement No. 1 [2013] of the State Administration of Foreign Exchange Date of Promulgation: August 21, 2013 Effective Date: August 21, 2013

Summary: Expanding the source of funds for overseas securities investments by domestic institutions; cancelling examination of the foreign exchange settlements and purchases, and simplifying the quota application materials; uniformly implementing unified balance management; and strengthening statistics and monitoring and strengthening statistical and ex-post monitoring of the outflow and inflow of cross-border capital under securities investments.





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