

# **Procedures for Foreign Central Banks and Similar Institutions to Enter China's Inter-bank Foreign Exchange Market**

People's Bank of China

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## Summary

**Three Channels:** Foreign central banks and similar institutions (hereinafter referred to as “the Relevant Institutions”) can access China’s Inter-bank FX Market through one or more of the following three channels: (1) Entrusting the People’s Bank of China (PBC) as agent; (2) Directly participating in Inter-bank FX Market as foreign members; (3) Entrusting Inter-bank FX market members as agent.

**Trading Products:** All listed products, including spots, forwards, swaps (FX swap and cross currency swap) and options. Currencies including USD, EUR, JPY, HKD, GBP and other currencies are listed for trading in the Inter-bank FX Market.

**Trading Model:** Bilateral and automatic matching (anonymous).

**No Quota Limit:** There is no trading quota limit, but all trades shall abide by related Chinese laws and regulations.

**Repatriation of Funds:** Repatriation of funds is allowed. RMB funds exchanged by the Relevant Institutions from foreign currency to be invested in the Inter-bank FX Market must first be deposited in accounts opened in China. Afterward, the funds may either be used in China or be transferred overseas without prior approval.

**Derivatives Master Agreement:** Either NAFMII Master Agreement or ISDA Master Agreement is acceptable.

## **1. Entrust the PBC as the Agent**

### **1.1 Registration**

The Relevant Institutions shall send by courier the original copy of the *Chinese Inter-Bank FX Market Registration Form for Foreign Central Banks and Similar Institutions*<sup>1</sup> (See Appendix 1, hereinafter referred to as the “Registration Form” ) to China Foreign Exchange Trade System (CFETS). The Relevant Institutions may also send a scanned copy or fax the form to CFETS in advance.

Mailing Address:

FX Market Department,  
China Foreign Exchange Trade System,  
15 Zhongshan Road (E.1),  
Shanghai, P.R.China 200002  
Fax: 86-21-58957363  
E-mail: fx\_mkt@chinamoney.com.cn

After receiving the Registration Form, the CFETS will inform the Relevant Institutions of the completion of registration via e-mail within two business days and CC the email to the Monetary Policy Department of the PBC.

### **1.2 PBC provides the *Guidance on Agency Service in FX Trading* to the Relevant Institutions**

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<sup>1</sup> Website: <http://www.pbc.gov.cn/english/130721/2960317/index.html>

The *Guidance on Agency Service in FX Trading* describes the procedures of the agency trading model and the formats of various types of orders.

For matters concerning Section 1.2 to 1.4, please directly contact the Foreign Exchange Operations Division, Monetary Policy Department, PBC:

Tel: +86-10-66195195, +86-10-66199085

E-mail: [fxt@pbc.gov.cn](mailto:fxt@pbc.gov.cn)

### **1.3 Preparations before Trading**

**1.3.1 Signing derivatives agreements.** If the Relevant Institutions intend to conduct derivatives (forwards, swaps and options) trading, either the NAFMII or the ISDA Master Agreement shall be signed with the counterparties.

**1.3.2 Opening accounts.** The Relevant Institutions may use their existing special RMB account at PBC to conduct inter-bank FX trade settlement and clearing for the purpose of investment in the inter-bank Bond Market. The Relevant Institutions may also open RMB special depository accounts or foreign currency special settlement accounts at Chinese commercial banks for interbank FX settlement and clearing in accordance with the *Notice of the General Administration Department of the People's Bank of China on RMB Settlement Accounts to be Opened by Foreign Central Banks and Similar Institutions with Onshore Banking Financial Institutions*<sup>2</sup>(Yin Ban Fa [2015] No.227) and the *Circular of the State Administration of Foreign Exchange on Foreign Exchange Account Management Related to Investments by Foreign Central Banks and Similar*

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<sup>2</sup> Website: <http://www.pbc.gov.cn/english/130721/2972011/index.html>

*Institutions in China's Inter-bank Market*<sup>3</sup> (Huifa No.43 [2015]). A copy of the Registration Form is required to open the above-mentioned accounts.

**1.3.3 Information exchange.** The PBC and the Relevant Institutions shall exchange the following information: settlement account, SWIFT code, settlement route, authorized signature, and etc.

## **1.4 Agency trading, clearing and settlement**

To conduct spot trading, the Relevant Institutions can designate one or more Chinese or foreign banks as their counterparties. They can also choose not to designate any counterparty. For derivatives trading, the Relevant Institutions must specify the counterparties, and sign either the NAFMII or the ISDA Master Agreement with their counterparties in advance. For related issues, please contact:

Yue LIU

Secondary Market Development& Surveillance Department

NAFMII

Tel: +86-10-66539143

E-mail: liuyue@nafmii.org.cn

The value date of a spot trade shall be T+2 only. For example, if the Relevant Institutions buy CNY against USD, then on day T+2, the Relevant Institutions shall transfer the USD fund to the USD account

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<sup>3</sup> Website:

[http://www.safe.gov.cn/wps/portal!/ut/p/c5/04\\_SB8K8xLLM9MSSzPy8xBz9CP0os3gPZxdnX293QwP30FAnA8\\_AEBc3C1NjI3dXE6B8JG55MwMCusNB9uHXD5I3wAEcDfT9PPJzU\\_ULciMMskwcFQGVmjfz/dl3/d3/L2dJQSEvUUt3QS9ZQnZ3LzZfSENEQ01LRzEwT085RTBJNkeIU1NDRzNMTDQ!/?WCM\\_GLOBAL\\_CONTEXT=/wps/wcm/connect/safe\\_web\\_store/state+administration+of+foreign+exchange/rules+and+regulations/75ed71804a9c7ed4bce9bf2bead6bf4e](http://www.safe.gov.cn/wps/portal!/ut/p/c5/04_SB8K8xLLM9MSSzPy8xBz9CP0os3gPZxdnX293QwP30FAnA8_AEBc3C1NjI3dXE6B8JG55MwMCusNB9uHXD5I3wAEcDfT9PPJzU_ULciMMskwcFQGVmjfz/dl3/d3/L2dJQSEvUUt3QS9ZQnZ3LzZfSENEQ01LRzEwT085RTBJNkeIU1NDRzNMTDQ!/?WCM_GLOBAL_CONTEXT=/wps/wcm/connect/safe_web_store/state+administration+of+foreign+exchange/rules+and+regulations/75ed71804a9c7ed4bce9bf2bead6bf4e)

designated by PBC, and PBC shall transfer the RMB fund to the RMB account designated by the Relevant Institutions. For other FX instruments, the “Near-leg Value Date” (V date) and the “Far-leg Value Date” or “Maturity Date” (M date) are based on the specific trade date and tenor. Fund delivery shall then be made on the two dates accordingly.

Take FX spot transaction as an example, the specific workflow is as follows:

**Send Trading Order:** The Relevant Institutions shall send the trading order to PBC via e-mail, fax or SWIFT, specifying the trade date, settlement date, traded products, amount, direction, and etc. Intraday trading orders shall be sent to the PBC before 3:00PM Beijing time (UTC+8).

**Trade Day(T):** The PBC shall complete the entrusted trading before 16:30 Beijing time, and immediately inform the Relevant Institutions with prices and other information via e-mail or Bloomberg message. The PBC will also inform the Relevant Institutions with clearing and settlement information via SWIFT.

**T+1:** The matching of Clearing and settlement information shall be completed before 10:00AM Beijing time between the PBC and the Relevant Institutions via SWIFT.

**Value Day:** Fund clearing and settlement is completed.

## **1.5 Fees**

The Relevant Institutions shall pay trading fees to the CFETS at the current rate specified by CFETS which is 0.01‰ of total trading volume (in RMB equivalent). The PBC shall collect trading fees from the Relevant Institutions on behalf of CFETS.

## **2. Directly Participating in the Inter-bank FX Market as Foreign Members**

### **2.1 Registration**

Same as prescribed in Section 1.1.

### **2.2 Membership application**

2.2.1 After receiving the Registration Form, the CFETS will provide the following documents to the Relevant Institutions within two business days:

- *Two copies of the Inter-bank FX Market Member Agreement (mailed after signing by CFETS)*
- *Operational and technical forms (sent by email)*
- *CFETS RMB/FX Membership Application Form*
- *CFETS Network Connection Application Form*
- *CFETS FX Trading System Digital Certificate Application Form*



2.2.2 After receiving operational and technical forms filled in by the Relevant Institutions, the CFETS will contact the Relevant Institutions for related matters including network connection and trader training within two business days.

2.2.3 After all the preparation work (signing the member agreement, network connection and trader training, and etc.) has been completed, the CFETS will send a formal market entry notice to officially approve the applying Institutions as the Inter-bank FX Market members. A public announcement will also be released on the official website of CFETS [www.chinamoney.com.cn](http://www.chinamoney.com.cn).

## **2.3 Preparations before Trading**

**2.3.1 Set up credit relationship.** The Relevant Institutions should establish bilateral credit relationship with their China Inter-bank FX Market counterparties.

**2.3.2 Sign derivatives agreement.** The Institutions should sign the NAFMII or ISDA derivatives master agreement with their counterparties before trading RMB FX derivatives (forwards, swaps and options). For contact information, please refer to 1.4.

**2.3.3 Open accounts.** The Relevant Institutions can refer to the *Notice of the General Administration Department of the People's Bank of China RMB Settlement Accounts to be opened by Foreign Central Banks and Similar Institutions with Onshore Banking Financial Institutions* (Yin Ban Fa [2015] No.227) to open RMB special depository accounts at

commercial banks. The Relevant Institutions can also refer to the *Circular of the State Administration of Foreign Exchange on Foreign Exchange Account Management Related to Investments by Foreign Central Banks and Similar Institutions in China's Inter-bank Market* (Huifa No.43 [2015]) to open designated FX accounts at Chinese commercial banks. A copy of the Registration Form is required for opening both of the aforementioned accounts.

The Relevant Institutions shall inform their counterparties of the related RMB and/or FX account information and record the account information into the trading system of CFETS to facilitate bilateral clearing and settlement.

**2.3.4 Connect to the trading system.** To directly participate in the inter-bank FX market, the Relevant Institutions need to connect to the CFETS trading system via dedicated line or VPN.

## **2.4 Trading, clearing and settlement**

All tradings between the Relevant Institutions and their counterparties shall be executed through the CFETS trading system. All tradings, trade confirmation, clearing and settlement shall be conducted by the Relevant Institutions independently. The settlement date of spot trade is generally on T+2.

### **Trade confirmation**

The Relevant Institutions can use the Post-trade Processing Platform (PTPP) provided by the CFETS to conclude the back office trade confirmation with their counterparties.

### **Clearing and settlement**

In the bilateral trading mode, the Relevant Institutions can either settle directly with their counterparties or go through the Shanghai Clearing House (the SCH) for net clearing and settlement. In the anonymous trading mode, the Relevant Institutions shall opt for the centralized net clearing and settlement through SCH. For related issues, please contact:

Shujing WANG

Products Development Department

Shanghai Clearing House

Tel: +86-21- 23198578

E-mail: wangshujing@shclearing.com

### **Value-added services**

The CFETS provides its members with CFETS Straight Through Processing (CSTP<sup>4</sup>), CFETS Market Data Service (CMDs), and other value-added services.

## **2.5 Fees**

**a) Terminal Fees:** 3,000 RMB/month for the first terminal, 2,000 RMB/month for the second terminal, and 1,000 RMB/month for the third terminal and beyond.

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<sup>4</sup> Users receive their trading data directly from the CFETS server through API. The data will then be processed and input into their middle and back office system. Basic functions of the CSTP mainly include real-time trading data receipt and history search.

**b) Trading Fee rate:** 0.01‰ of the RMB equivalent of the trading volume.

### **3. Entrusting Inter-bank FX Market Members as Agent**

The Relevant Institutions may access the Inter-bank FX Market by entrusting Inter-bank FX Market members (commercial banks) as their agent. Per orders of the Relevant Institutions, the agent banks will use the accounts of the Relevant Institutions to initiate and conclude trades in the name of the Relevant Institutions. In order to do so, the Relevant Institutions need to apply to become members of the Inter-bank FX Market, receive institution codes and open trading accounts in the trading system, establish credit line and sign agreements with their counterparties. Agent commercial banks will trade on behalf of the Relevant Institutions, and provide services including assistance in relation to credit line and membership application if needed.

#### **3.1 Registration**

The procedure is the same as described in Section 1.1. To ensure the Registration information truly reflects the intention of the Relevant Institutions, it must be completed by the Relevant Institutions themselves independently. The agent banks may provide consulting or other necessary assistance, but are NOT allowed to complete such processes on behalf of the Relevant Institutions.

## **3.2 Sign the agency agreement**

The Relevant Institutions may entrust one or more members as agent(s). There is no restriction on the number of agent banks to be entrusted by the Relevant Institutions. The two parties shall bilaterally sign the agency agreement, specifying details including trading, clearing and settlement arrangements, fees to be paid, and etc. The agency agreement can either be in Chinese or in English. An original copy of the signed agency agreement needs to be provided to the CFETS for record. The agency agreement does not have to be presented simultaneously together with the Registration Form.

## **3.3 Membership application and Preparations before Trading**

### **3.3.1 Membership application**

Please refer to Section 2.2 for the requirements and procedure of membership application. The Relevant Institutions shall apply for membership independently. Agent commercial banks may provide consulting and other assistance in accordance with the agency agreement, but must not apply on behalf of the Relevant Institutions.

### **3.3.2 Credit line and derivatives agreement**

The Relevant Institutions shall establish credit line and sign derivatives agreement (the NAFMII or the ISDA master agreement) with their counterparties. Agent commercial banks can provide assistance in accordance with the agency agreement. For contact information, please refer to 1.4.

### **3.3.3 Open accounts**

Please refer to 2.3.3.

### **3.3.4 The trading system**

After becoming members of the Inter-bank FX Market, the Relevant Institutions will have their unique Chinese and English names and be allocated a 21-digit institution code in the trading system, under which multiple trading accounts will be opened to be assigned to one or more agent banks to conduct trading on their behalf. Cross use of the proprietary trading accounts and accounts managed by agent banks or of accounts managed by different agent banks must be avoided.

It is not necessary to get connected to the trading system after becoming its members when the Relevant Institutions choose to entrust commercial banks as agents to participate in the Inter-bank FX Market.

### **3.4 Agency trading, clearing and settlement**

**Agency trading.** Trades between the Relevant Institutions and their counterparties shall be conducted through the CFETS trading system. Agent banks shall receive trading orders from the Relevant Institutions and use the Relevant Institutions' accounts in the trading system to initiate and conclude deals in accordance with the orders. The agent banks are also allowed to act as trading counterparties of the Relevant Institutions to execute trade through the CFETS trading system. However, strict distinction must be made between agency trading and direct trading. The Relevant Institutions shall manage on its own the Trading System Administrator's Account and Clearing Account or authorize a lead agent bank to manage on its behalf, and go through the Administrator's Account

to establish trade accounts, provide authorization in trading and maintain credit lines.

**Trade confirmation.** The Relevant Institutions can use the PPTPP provided by CFETS or other mutually agreed approach to complete the back-office trade confirmation with their counterparties. The Relevant Institutions may entrust the agent banks to complete the confirmation procedure or provide confirmation on its own.

**Clearing and settlement.** As participants of the Inter-bank FX market, the Relevant Institutions can entrust their agent banks to complete the RMB and FX clearing and settlement or do so on its own. Under the bilateral trading mode, the Relevant Institutions can conduct clearing and settlement with their counterparties bilaterally or opt for centralized netting settlement through the SCH. Under the anonymous trading mode, centralized netting settlement through the SCH is the exclusive choice. For contact information, please refer to 2.4.

### **3.5 Fees**

Same as prescribed in Section 2.5. The agent banks can pay the fees on behalf of the Relevant Institutions. In the case the Relevant Institutions borrow the terminals from the agent banks, no terminal fees shall be charged.

The agent banks may charge reasonable agency commission from the Relevant Institutions, and the specific fee schedule shall be determined by mutual consent.

## **4. Contact Information**

Lizzy Yuanlv Chen:

86-21-23165027, chenyanlv@chinamoney.com.cn

Sherry Xiaoyue Hua:

86-21-23165028, huaxiaoyue@chinamoney.com.cn

Cindy Qi Zhang:

86-21-23165076, zhangqi@chinamoney.com.cn

Mailing Address:

FX Market Department,

China Foreign Exchange Trade System,

15 Zhongshan Road(E.1),

Shanghai, P.R.China 200002

Fax: 86-21-58957363

Email: fx\_mkt@chinamoney.com.cn

For more detailed information, please visit:

<http://www.chinamoney.com.cn/fe/Channel/2777236>



## Appendix 1

### 境外央行类机构进入中国银行间外汇市场备案

Chinese Inter-Bank FX Market Registration Form for Foreign Central Banks and Similar Institutions

**机构名称:**

Name of Institution

**地址:**

Address

<b>申请机构简介</b> Brief Introduction				
<b>拟开展交易</b> Expected Transaction Types	<b>外汇即期</b> <input type="checkbox"/> FX Spots	<b>外汇远期</b> <input type="checkbox"/> FX Forwards	<b>外汇掉期</b> <input type="checkbox"/> FX Swaps	<b>外汇期权</b> <input type="checkbox"/> FX Options
<b>拟选择交易渠道</b> Expected Transaction Channels	<b>成为境外会员</b> <input type="checkbox"/> Becoming Foreign Members	<b>通过人民银行代理</b> <input type="checkbox"/> Entrusting PBC as the Agent	<b>通过中国银行间外汇市场会员代理</b> <input type="checkbox"/> Entrusting Inter-bank FX Market Members as the Agent	
<b>拟选择代理的中国银行间外汇市场会员</b> Expected Inter-bank FX Market Member Agents	<b>代理人 1</b> Agent No.1			
	<b>代理人 2</b> Agent No.2			
	<b>代理人 3</b> Agent No.3			
<b>管理负责人简介</b> Introduction to Key Administrators in FX Transaction	<b>姓名 Name</b>	<b>职位 Position</b>	<b>电话 Tel.</b>	<b>邮箱 Email</b>
<b>联系人</b> Contact Persons	<b>姓名 Name</b>	<b>职务 Position</b>		
	<b>电话 Tel.</b>	<b>传真 Fax</b>	<b>邮箱 E-mail</b>	
<b>联系人</b> Contact Persons	<b>姓名 Name</b>	<b>职务 Position</b>		
	<b>电话 Tel.</b>	<b>传真 Fax</b>	<b>邮箱 E-mail</b>	
<b>有权签字人</b> Authorized Signatory	<b>姓名 Name</b>	<b>职务 Position</b>		
	<b>签名 Signature</b>	<b>日期 Date</b>		
<b>有权签字人</b> Authorized Signatory	<b>姓名 Name</b>	<b>职务 Position</b>		
	<b>签名 Signature</b>	<b>日期 Date</b>		

盖章 (Official Seal) :

**填表说明 Note:**

1. 表格用中文或英文填写。

Please fill out this form in Chinese or English.

2. 申请机构简介包括成立时间、监管法律、组织结构（含储备管理和投资职能）等内容。

**Brief Introduction:** Background on establishment of the institution and governing law, organization structure (Including Reserve Management/ Investment Function) etc.

3. “拟开展交易”及“拟选择交易渠道”部分，申请机构均可自主选择一种或多种。

**Expected Transaction Types and Expected Transaction Channels:** applicants can choose one or more transaction types and transaction channels on self-discretion.

4. 对于有意通过人民银行代理的申请者，如有代理方面的问题，可发邮件至 [fxt@pbc.gov.cn](mailto:fxt@pbc.gov.cn) 咨询。

**Using PBC as Agent:** for those applicants who would like to use PBC as agent, if there are any concerns or problems regarding the agency transaction, please send emails to [fxt@pbc.gov.cn](mailto:fxt@pbc.gov.cn) for inquiry.

5. 若申请机构选择中国银行间外汇市场会员代理，代理机构数量不限，表格不足可以附件形式补充。代理机构应将代理协议向中国外汇交易中心备案。

**Expected Inter-bank FX Market Member Agents:** for those applicants who would like to entrust commercial banks as the agent, there is no limit on the number of agents that the applicants choose and corresponding information could be provide via attachment if there is no enough room in the form. The agents shall send a copy of their agency agreements to CFETS for registration.

6. 管理负责人简介须填写外汇交易主要负责人的基本情况。

**Introduction to Key Administrators in FX Transaction:** please fill out the basic information of key persons in FX Transaction; attachment of brief profile/resume can be added.

a) Head of FX Transaction / Reserve Management

b) Head of Dealing Room (Front Office),

c) Head of Settlements (Back Office)

d) Head of Risk Management (Middle Office)

7. 提供的联系人和有权人签字数量不限（至少各提供一位），有权签字人指外汇交易部门负责人。

**Contact Persons and Authorized Signatory:** there is no limit on the number of contact

persons or authorized signatory provided (at least one for each). Authorized signatory should be signed by executives in-charge of FX transaction or governors.

8. 请将此备案表原件邮寄至中国外汇交易中心，事先可以传真或扫描件发送至中国外汇交易中心邮箱。

邮寄地址：中国外汇交易中心 市场一部，中国上海市黄浦区中山东一路 15 号(200002);

传真：86-21-58957363;

电子邮件：fx\_mkt@chinamoney.com.cn

联系人：陈远虑;

联系电话：86-21-23165027;

联系邮件：chenyuanlv@chinamoney.com.cn

联系人：华小岳;

联系电话：86-21-23165028;

联系邮件：huaxiaoyue@chinamoney.com.cn

联系人：张琦;

联系电话：86-21-23165076;

联系邮件：zhangqi@chinamoney.com.cn

Please send by courier the original copy of the form to China Foreign Exchange Trade System (CFETS). Before that, applicants can send the scanned form via fax or email to CFETS first.

Mail Address: FX Market Department, China Foreign Exchange Trade System

No.15 Zhongshan Road(E.1), Huangpu District, Shanghai, 200002,P.R.China

Fax: 86-21-58957363;

Email: fx\_mkt@chinamoney.com.cn

Contact: Yuanlv CHEN;

Tel: 86-21-23165027;

Email: chenyuanlv@chinamoney.com.cn

Contact: Xiaoyue HUA;

Tel: 86-21-23165028;

Email: huaxiaoyue@chinamoney.com.cn

Contact: Qi ZHANG;

Tel: 86-21-23165076;

Email: zhangqi@chinamoney.com.cn

9. 中国人民银行负责对此表格进行解释。

The form is subject to the interpretation of PBC.