

Procedures for Overseas Central Banks and Similar Institutions to Enter China Interbank Foreign Exchange Market

For any comments and suggestions, please contact:

Currency Co-operation Division, Macprudential Policy Bureau

Email hbhz@pbc.gov.cn

Tel: 010-86507238

Contents

Summary	3
1. Entrusting the PBC as the Agent	3
1.1 Registration	4
1.2 PBC provides the <i>Guidance on Agency Service in FX Trading</i> to the Relevant Institutions	4
1.3 Pre-trade Preparations	5
1.4 Agency trading, clearing and settlement	6
1.5 Fees	7
2. Directly Participating in CIFXM as Overseas Members	7
2.1 Registration	7
2.2 Membership application	7
2.3 Pre-trade Preparations	8
2.4 Trading, clearing and settlement	9
2.5 Fees	10
3. Entrusting CIFXM Members as Agents	10
3.1 Registration	11
3.2 Signing the agency agreement	11
3.3 Membership application and Pre-trade Preparations	12
3.4 Agency trading, clearing and settlement	13
3.5 Fees	14
4. Contact Information	14
Appendix 1	15

Summary

Three Channels: Overseas central banks and similar institutions (hereinafter referred to as "the Relevant Institutions") may access China Interbank FX Market (hereinafter referred to as "CIFXM") through one or more of the following three channels: (1) Entrusting the People's Bank of China (hereinafter referred to as the "PBC") as an agent; (2) Directly participating in CIFXM as overseas members; (3) Entrusting an Interbank FX market member as an agent. The Relevant Institutions may choose one or more of those three approaches.

Products: All listed products, including Spot, Forward, Swap, Cross Currency Swap and Option. Currencies including USD, EUR, JPY, HKD, GBP and other currencies listed for trading in CIFXM.

Trading Model: Bilateral, anonymous and automatic matching etc.

No Quota Limit: There is no trading quota limit, but all trades shall be subject to related Chinese laws and regulations.

Outside Remittance of Funds: Repatriation of funds is allowed. RMB funds exchanged by the Relevant Institutions from foreign currencies on CIFXM must first be deposited in their accounts opened in China. Afterwards, the funds may either be used in China or be remitted overseas without prior approval.

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

1. Entrusting the PBC as the Agent

1.1 Registration

The Relevant Institutions shall send by courier the original copy of the *China Interbank FX Market Registration Form for Foreign Central Banks and Similar Institutions*¹ (See Appendix 1, hereinafter referred to as the “Registration Form”) to China Foreign Exchange Trade System (hereinafter referred to as "CFETS"). The Relevant Institutions may also send a scanned copy of the form to CFETS in advance.

Mailing Address:

FX Market Department,
China Foreign Exchange Trade System,
No.15 Zhongshan Road (E-1),
Huangpu District,
Shanghai, P.R.China,200002
E-mail: fx_mkt@chinamoney.com.cn

After receiving the Registration Form, CFETS will report to the PBC and inform the Relevant Institutions of the completion of the record filing via email. The public announcement will also be made through <https://www.chinamoney.com.cn/english/> and other official channels.

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

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 Monetary Policy Department of the PBC:

Tel: +86-10-66195195

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

Email: fxt@pbc.gov.cn

1.3 Pre-trade Preparations

1.3.1 Signing derivatives agreements. The Relevant Institutions intend to conduct RMB FX derivatives (forwards, swaps, cross currency swap and options) trading shall sign the NAFMII or the ISDA Master Agreement with counterparties.

1.3.2 Opening accounts. The Relevant Institutions may use their existing RMB special account at PBC to conduct interbank FX trade settlement and clearing for the purpose of investment in China interbank Bond Market (hereinafter referred to as "CIBM"). The Relevant Institutions may also open RMB special deposit accounts or bond market capital accounts (RMB or/and foreign exchange) dedicated for investment in CIBM 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* (Yin Ban Fa [2015] No.227) and the *Notice of the People's Bank of China and State Administration of Foreign Exchange on Issuing the rules on Funds Invested by Overseas Institutional Investors in China's Bond Market* (Yin Fa [2022]No.258).

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

1.4 Agency trading, clearing and settlement

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

Secondary Market Development& Surveillance Department
NAFMII

Tel: +86-10-66538115

E-mail: zhuxieyi@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 designated by the PBC, and the 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” 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 the PBC via email, fax or SWIFT, specifying the trade date, settlement date, trade instrument, volume, direction, and etc. Intraday trading orders shall be sent to the PBC before 3:00 PM Beijing time (UTC+8).

Trade Day (T): The PBC shall complete the entrusted trading before 4:30 PM Beijing time, and immediately inform the Relevant Institutions with prices and other information via email. 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 10:00 AM 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 CFETS at the current rate² specified by CFETS which is 0.01 ‰ of total trading volume (in RMB equivalent). The PBC collects trading fees from the Relevant Institutions on behalf of CFETS.

2. Directly Participating in CIFXM as Overseas Members

2.1 Registration

Please refer to section 1.1.

2.2 Membership application

2.2.1 After receiving the Registration Form, CFETS will provide the following documents to the Relevant Institutions within 2 business days:

- Four copies of the Interbank FX Market Member Agreement (mailed after signing by CFETS)

² Reference website:

<http://www.chinamoney.com.cn/dqs/fileDownload.do?mode=open&contentId=791&priority=0>.

- *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, CFETS will contact the Relevant Institutions for network connection and trader training within 2 business days.

2.2.3 After all the preparation work (signing the member agreement, network connection and trader training, etc.) has been completed, CFETS will issue a formal market entry notice and make an announcement through <https://www.chinamoney.com.cn/english/> and other channels.

2.3 Pre-trade Preparations

2.3.1 Setting up credit relationship. The Relevant Institutions shall establish bilateral credit relationship with their counterparties in CIFXM.

2.3.2 Signing derivatives agreement. The Relevant Institutions shall sign NAFMII or ISDA derivatives master agreement with their counterparties before trading RMB/FX derivatives (forwards, swaps, cross currency swap and options). For contact information, please refer to section 1.4.

2.3.3 Opening accounts. The Relevant Institutions may 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 deposit account at commercial banks. The Relevant Institutions may also refer to the *Notice of the People's Bank of China and State Administration of Foreign Exchange on Issuing the rules on Funds Invested by Overseas Institutional Investors in China's Bond Market* (Yin Fa [2022]No.258) to open bond market capital accounts (RMB or/and foreign exchange) dedicated for investment in CIBM at Chinese commercial banks.

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

2.3.4 Connecting to trading system. To directly participate in CIFXM, the Relevant Institutions need to connect to CFETS trading system via leased line or MPLS VPN.

2.4 Trading, clearing and settlement

All trades between the Relevant Institutions and their counterparties shall be executed through CFETS trading system. Trading, trade confirmation, clearing and settlement shall be conducted by the Relevant Institutions themselves. Usually, the settlement date of spot trade is on T+2.

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

2.4.2 Clearing and settlement. In the bilateral and matching trading mode, the Relevant Institutions may either engage in bilateral settlement or go through the Shanghai Clearing House (hereinafter referred to as “SHCH”) for CCP clearing. In the anonymous trading mode, the Relevant

Institutions shall opt for centralized clearing through SHCH. For more information, please contact:

WANG Shujing

Product Development Department

Shanghai Clearing House

Tel: +86-21-23198578

E-mail: wangshujing@shclearing.com

2.4.3 Value-added services. CFETS provides its members with CFETS Straight Through Processing (CSTP³), CFETS Market Data Service (CMDS), and other value-added services.

2.5 Fees

Fees are charged in accordance with the current CFETS FX market fee standard:

2.5.1 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.

2.5.2 Trading fee rate: the current rate in CIFXM is 0.01‰ of total trading volume (in RMB equivalent).

3. Entrusting CIFXM Members as Agents

The Relevant Institutions may access CIFXM by entrusting CIFXM members (commercial banks) as their agents. Commercial banks receive

³Users 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.

transaction instructions from the Relevant Institutions, and initiate and conclude transactions in CIFXM in accordance with the instructions using the accounts of the Relevant Institutions, and all the transactions are carried out in the name of the Relevant Institutions. The Relevant Institutions need to become CIFXM members to set up transaction codes and trading accounts in the trading system, and establish credit and agreement relationships with counterparties in advance. Agent commercial banks trade on behalf of the Relevant Institutions, and provide services including assistance in establishing credit line and membership application.

3.1 Registration

Please refer to section 1.1. To ensure the registration information truly reflects the intention of the Relevant Institutions, it shall be completed by the Relevant Institutions themselves. 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 Signing the agency agreement

The Relevant Institutions may entrust one or more members as agents. There is no restriction on the number of agent banks to be entrusted by the Relevant Institutions. The two parties shall sign the agency agreement, specifying details including trading, clearing and settlement arrangements, and fees to be paid, etc. The agency agreement may either be in Chinese or in English. An original copy of the signed agency agreement needs to be provided to CFETS for record but not required to submit simultaneously with the registration form.

3.3 Membership application and Pre-trade Preparations

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 relationship and sign derivatives agreement with their counterparties. The NAFMII or ISDA master agreement should be signed independently after mutual negotiation. Agent commercial banks may provide assistance in accordance with the agency agreement. For contact information, please refer to section 1.4.

3.3.3 Opening accounts. Please refer to section 2.3.3.

3.3.4 Trading system. After becoming CIFXM members, the Relevant Institutions will have their unique Chinese and English names and a 21-digit institution code in the trading system, under which multiple trading accounts can be opened to be assigned to one or more agent banks to conduct trading on their behalf. Proprietary trading accounts and accounts managed by agent banks, or accounts managed by different agent banks must be used separately.

It is not necessary to get connected to the trading system after becoming CIFXM members if the Relevant Institutions choose to entrust commercial banks as agents to participate in CIFXM.

3.4 Agency trading, clearing and settlement

3.4.1 Agency trading. Trades between the Relevant Institutions and their counterparties shall be conducted through 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 CFETS trading system. However, strict distinction must be made between agency trading and direct trading. The Relevant Institutions shall manage Administrator's Account and Clearing Account in the trading system on their own, or authorize a lead agent bank to manage on their behalf, through which administrator user creates trading users, sets up trading authorization and maintains credit relationship.

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

3.4.3 Clearing and settlement. As CIFXM participants, the Relevant Institutions may entrust their agent banks to complete the RMB and FX clearing and settlement or complete it on their own. In the bilateral and matching trading mode, the Relevant Institutions may either engage in bilateral settlement or go through the SHCH for CCP clearing. In anonymous trading mode, the Relevant Institutions shall opt for centralized clearing by SHCH. For contact information of SHCH, please refer to section 2.4.

3.5 Fees

Please refer to section 2.5. The agent banks may pay the fees on behalf of the Relevant Institutions. If the Relevant Institutions use the terminals of agent commercial banks, they are not required to pay terminal fees.

Agent banks may charge the Relevant Institutions a reasonable agency fee, and the specific fee schedule shall be determined on mutual consent.

4. Contact Information

CHEN Yuanlv:

Tel: +86-21-23165027

Email: chenyuanlv@chinamoney.com.cn

LIU Xiang:

Tel: +86-21-23165039

Email: liuxiang@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 information, please visit:

<http://www.chinamoney.com.cn/english/svcfop/>

Appendix 1

境外央行类机构进入中国银行间外汇市场备案表

China Interbank FX Market Registration Form for Overseas Central Banks and Similar Institutions

机构名称:

Name of Institution

地址:

Address

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

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.

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 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 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 Interbank 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。

Key Administrators in FX Transactions: 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，事先可以将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)；

电子邮件：fx_mkt@chinamoney.com.cn

联系人：陈远虑；

联系电话：021-23165027；

联系邮件：chenyuanlv@chinamoney.com.cn

联系人：刘 翔；

联系电话：021-23165039；

联系邮件：liuxiang@chinamoney.com.cn

Please send the original form by courier to China Foreign Exchange Trade System (CFETS), while the scanned form may be sent by 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

Email: fx_mkt@chinamoney.com.cn

Contact: Yuanlv CHEN;

Tel: 86-21-23165027;

Email: chenyuanlv@chinamoney.com.cn

Contact: Xiang LIU;

Tel: 86-21-23165039;

Email: liuxiang@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.