

Yinfa No. 485 [1997], Notice of the People's Bank of China on Measures for the Administration of Renminbi Corporate Deposits

Branches of the People's Bank of China in all provinces, autonomous regions and municipalities directly under the Central Government, branch of the People's Bank of China in Shenzhen Special Economic Zone, all state-owned commercial banks, other commercial banks, and all national non-bank financial institutions:

The *Measures for the Administration of Renminbi Corporate Deposits* are hereby printed and distributed to you. Please implement them accordingly.

The People's Bank of China
November 21, 1997

Measures for the Administration of Renminbi Corporate Deposits

Chapter I General Provisions

Article 1 The *Measures* are formulated in accordance with *the Law of the People's Republic of China on the People's Bank of China*, the *Law of the People's Republic of China on Commercial Banks* and other relevant laws and administrative regulations for the purpose of strengthening the administration of corporate deposit and regulating the corporate deposit business of financial institutions.

Article 2 Any financial institution that operates the Renminbi (RMB) corporate deposit business in China and any public employer that participates in RMB deposits shall abide by the *Measures*.

Article 3 The “corporate deposits” as mentioned in the *Measures* refers to the RMB deposits as deposited by entities such as enterprises, public institutions, government organs, military and social groups in financial institutions, and includes time deposit, current deposit, call deposit, agreement deposit and other kinds of deposit as approved by the People's Bank of China (PBC).

Article 4 The PBC shall be responsible for the administration, supervision and examination of the corporate deposits of financial institutions, as well as the coordination of disputes between the corporate depositor and the financial institution.

Article 5 No entities may conduct the corporate deposit business other than those financial institutions as approved by the PBC.

Article 6 A financial institution as approved to absorb corporate deposits shall not exceed the scope

as verified by the PBC, and shall abide by relevant provisions of the *Measures*.

Article 7 No government appropriation, budgetary funds or bank loans may be deposited into financial institutions as corporate time deposits.

Article 8 No entity may convert public funds into savings deposit in the name of an individual.

No individual may deposit private funds into a financial institution in the name of a public employer, and no public employer may deposit the money of an individual or any other entity into a financial institution in its own name.

Chapter II Corporate Time Deposit and Interest Calculation

Article 9 The maturities for corporate time deposit range among three months, half a year and one year, and the minimum amount thereof is set at RMB10,000 with no ceiling.

Article 10 A financial institution shall implement the account management approach to the corporate time deposits (except for negotiable certificates of deposit). At the time of deposit, an entity shall submit an application form for opening an account and the original copy of its business license, and leave its seals. The said seals shall encompass the special financial seal, seal of the legal representative (or main principal) as well as the seal of the financial staff of the entity. The financial institution that accepts the deposit will give the corporate depositor a “confirmation letter for the opening of an account of corporate time deposit” (hereinafter referred to as the “confirmation letter”), and the confirmation letter may only confirm the opening of the account owned by the corporate depositor and shall not be used as the warrant for pledge.

Article 11 A corporate depositor may only transfer its time deposit into its basic deposit account, and shall not use the time deposit for settlement or withdraw the cash from its time deposit account. The corporate depositor shall, when withdrawing time deposit, present the confirmation letter and provide the seals as left, and the financial institution where the deposit is put shall proceed with the withdrawal formalities after confirming that there is no mistake, and shall simultaneously take back the confirmation letter.

Article 12 The interest of a corporate time deposit within the deposit term shall be calculated at the interest rate for the time deposit as quoted on the date of deposit, and where the interest rate is changed, the interest thereof shall not be calculated by installments.

Article 13 The corporate time deposit may be withdrawn early wholly or partially for once only. Where all the corporate time deposit is withdrawn, the interest thereof shall be calculated at the interest rate for current deposit quoted on the date of withdrawal; where only part of the corporate time deposit is withdrawn, the interest of the part withdrawn early shall be calculated at the interest rate for current deposit quoted on the date of withdrawal, and the interest of the remaining part shall

be calculated at the interest rate for the same term of time deposit as quoted on the day that the original deposit account was opened where the remaining amount is no less than the minimum amount for deposit; otherwise the account shall be closed.

Article 14 Where the corporate time deposit has not been withdrawn after it comes due, the interest of the overdue part shall be calculated at the interest rate for current deposit quoted on the date of withdrawal.

Article 15 For conducting the business of negotiable certificates of deposit, financial institutions shall be governed by the *Measures for the Administration of Negotiable Certificates of Deposit*.

Chapter III Corporate Current Deposit, Call Deposit, Agreement Deposit and Interest Calculations

Article 16 A financial institution shall implement the account management approach to the corporate current deposit. Financial institutions and other entities that open current deposit accounts shall be governed by the *Measures for the Administration of Bank Accounts*.

Article 17 The interest of a corporate current deposit shall be calculated at the interest rate for current deposit quoted on the date of interest settlement, and where the interest rate is changed, it shall not be calculated by installments.

Article 18 A financial institution shall, for operating the corporate call deposit, be subject to the approval of the PBC, and abide by the articles of association for the call deposit as approved by the PBC. The interest of the call deposit shall be calculated at the interest rate for the call deposit with the same term as quoted on the date of withdrawal.

Article 19 A financial institution shall, for operating the corporate agreement deposit, be subject to the approval of the PBC, and abide by the articles of association for the agreement deposit as approved by the PBC. The interest rates for the agreement deposit shall be determined and promulgated by the PBC.

Chapter IV Alteration, Loss Declaration and Inquiry about the Corporate Deposit

Article 20 Where the seal of the legal representative (or main principal) or the financial staff of a corporate depositor needs to be changed due to personnel alteration, the depositor shall present an official letter and the identity certificate of the handler to perform the formalities for altering seals at the financial institution where the deposit is put. In case the said deposit is corporate time deposit, the confirmation letter issued by the financial institution shall be presented at the same time.

Article 21 Where the time deposit needs to be transferred or be divided into different accounts due to the merger or division of a corporate depositor, the handler shall present the official letter of the

original corporate depositor, and the certificate on alteration, revocation or establishment registration as issued by the department of industry and commerce (the agreement on divisions of deposit as reached by both parties shall be simultaneously presented in the case of division), etc. to the financial institution where the deposit is put for performing the formalities for transfer or division, and the financial institution shall issue a new confirmation letter.

Article 22 Where the corporate depositor has a password leak, or loss or damage of seals, it shall present an official letter to the financial institution where the deposit is put to apply for a loss declaration.

The loss declaration will be validated upon acceptance by the financial institution. Where the deposit has been withdrawn in accordance with prescribed formalities before the loss declaration becomes valid, the financial institution shall not assume any liability of compensation.

Article 23 Where an undue time deposit needs to be transferred due to relocation of the corporate depositor, the corporate depositor shall perform the formalities for early withdrawal, and the interest shall be settled in a lump sum at the interest rate for current deposit quoted on the date of withdrawal.

Article 24 A financial institution shall keep secret the deposit of corporate depositors, and have the right to refuse the inquiry by any entity in this regard unless it is otherwise prescribed by laws or administrative regulations, and also have the right to refuse the freeze or deduction of deposit by any entity other than those as prescribed by laws.

Chapter V Legal Liabilities

Article 25 An entity that operates the corporate deposit business without approval from the PBC shall be punished according to Article 79 of the *Law of the People's Republic of China on Commercial Banks*.

Article 26 Where a commercial bank violates the policies of the State about interest rates and increases or reduces interest rates, or absorbs deposit by other unjustifiable means, or absorbs corporate deposit by exceeding the scope, it shall be punished according to Articles 75 and 76 of the *Law of the People's Republic of China on Commercial Banks* and the relevant prescriptions in the *Provisions by the People's Bank of China on the Administration of Interest Rates*.

Article 27 Where a commercial bank violates Article 11 of the *Measures* and pays cash to the corporate depositor or violates the *Measures for the Administration of Bank Accounts* when conducting the current deposit business, it shall be punished in accordance with the *Interim Regulations on the Administration of Cash*, the *System of Registration and Filing of Large-value Cash Payment*, the *Notice on the Administration of Large-value Cash Payment* and the *Measures for the Administration of Bank Accounts*.

Article 28 Where a commercial bank violates Article 24 of the *Measures* and divulges the deposit information of corporate depositors or acts as an agent for inquiry about, freeze or deduction of corporate deposits without statutory procedures, it shall be punished in accordance with Article 73 of the *Law of the People's Republic of China on Commercial Banks*.

Article 29 Where a non-bank financial institution violates the *Measures*, it shall be punished in accordance with relevant laws, regulations and the provisions on financial management.

Article 30 Where a relevant party does not accept a punishment decision, he or it may apply for reconsideration according to the *Regulations on Administrative Reconsideration*. Where he or it does not accept a reconsideration decision, he or it may file a lawsuit to the people's court in accordance with the *Administrative Procedure Law of the People's Republic of China*.

Chapter VI Supplementary Provisions

Article 31 The right to interpret the *Measures* shall remain with the PBC.

Article 32 The *Measures* shall come into force as of the date of promulgation. The *Interim Measures for the Corporate Time Deposit* (No. 165 [1982] of the PBC) as formulated in 1982 by the PBC shall be simultaneously repealed.