



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C

25 July 2012

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Personal renminbi (RMB) business relating to non-Hong Kong residents

Following discussions with the banking industry and the relevant Mainland authorities, the HKMA has now decided that AIs will be allowed to offer RMB services to personal customers who are non-Hong Kong residents (i.e. individuals who are not holders of Hong Kong Identity Card) with effect from 1 August 2012.

RMB services provided by AIs to non-Hong Kong residents are subject to the usual banking practices and applicable rules and requirements in Hong Kong. For those services involving cross-border flow of RMB funds, they will be subject to the rules and requirements of the Mainland or the jurisdictions concerned. Specifically, the use of the Shanghai conversion window and cross-border remittance transactions to or from the Mainland for Hong Kong residents under the Clearing Agreement will not be offered to non-residents.

For the avoidance of doubt, for personal RMB business relating to Hong Kong residents as provided under the existing Clearing Agreement, the relevant requirements remain unchanged for the time being.

Internal controls and risk management

The increased flexibility as set out above regarding personal RMB business may result in more customers opening RMB accounts with AIs. As always, AIs should carry out the usual and robust due diligence procedures and endeavour to guard against potential money laundering activities and counterfeit RMB banknotes when processing the relevant transactions. The HKMA expects AIs to continue to adopt prudent risk management measures when engaging in RMB activities. AIs should update their operational guidelines, put in place appropriate operating systems, and provide adequate guidance and training to their staff to cater for any new RMB business. The updated guidelines should be submitted to the HKMA for reference.

Some illustrative notes on the operation of personal RMB business relating to non-Hong Kong residents are also set out in Annex. If you have any question on this circular, please feel free to contact Ms Denise Tai at 2878 1589 or your usual supervisory contacts at the HKMA.

Yours faithfully,

Nelson Man
Acting Deputy Chief Executive

Illustrative Notes

Account opening and deposit-taking

Subject to the usual customer due diligence procedures, AIs can open RMB accounts for personal customers who are not Hong Kong residents and provide deposit-taking services to such customers according to the usual banking practices in Hong Kong. It should be noted that the relevant requirements stipulated in the Banking Ordinance remain applicable when the three categories of AIs accept RMB deposits from non-Hong Kong residents.¹

Currency conversions

AIs providing RMB conversion services to non-Hong Kong residents are not required to observe the corresponding limits and requirements regarding RMB conversions with Hong Kong residents (e.g. daily RMB conversion limit of RMB20,000 yuan per person per day) as set out in the Clearing Agreement. However, open positions arising from these RMB conversions conducted cannot be squared with the RMB Clearing Bank.

For the avoidance of doubt, an AI engaging in personal RMB business with Hong Kong residents (and hence complying with the corresponding limits and requirements with conducting RMB conversions with Hong Kong residents and Designated Business Customers) may at the same time offer RMB conversion services to non-Hong Kong residents, on the basis that the latter RMB conversions are properly identified and not squared with the RMB Clearing Bank.

Interbank transfers and remittances

There is no restriction on transfers between the accounts of a Hong Kong resident and a non-Hong Kong resident maintained with AIs in Hong Kong.

Cross-border remittances to or from the Mainland or other places outside Hong Kong are subject to the rules and requirements of the jurisdiction of the originating or receiving end. This will also be the case for cheque and other means of payment.

¹ Licensed banks may operate current and savings accounts, accept deposits of any size and maturity from the public and pay or collect cheques drawn by or paid in by customers. Restricted licence banks may take call, notice or time deposits from the public in amounts equivalent to HK\$500,000 and above without restriction on maturity. Deposit-taking companies may take deposits in amounts equivalent to HK\$100,000 or above with an original term to maturity, or call or notice period, of at least three months.

Debit and credit cards

AIs may issue debit and credit cards with RMB as the settlement currency for non-Hong Kong residents. However, it should be noted that the use of such cards on the Mainland will be subject to rules and requirements on the Mainland. RMB positions arising from transactions relating to such debit/credit cards of non-Hong Kong residents have to be managed by the AI concerned through means other than squaring with the RMB Clearing Bank.

Other banking services

Other than cross-border flow of RMB funds into and from the Mainland, AIs may provide a full range of RMB banking services, including loans and advances, to non-Hong Kong residents in accordance with the usual rules and requirements in Hong Kong. For services involving cross-border flow of RMB funds, they will be subject to the rules and requirements of the Mainland or the jurisdictions concerned.