



**Regulatory
Developments**

PBC issues Notice on Centralized Clearing of RMB Interest Rate Swaps

The Notice requires RMB Interest Rate Swap (IRS) transactions to be submitted to Shanghai Clearing House for centralized clearing. Shanghai Clearing House, as central counterparty, shall succeed the rights and obligations of the transaction parties, and calculate participants' net interests on multi-lateral netting basis on the same settlement date. The Notice also requires establishing appropriate risk control mechanisms to ensure contract fulfillment and complete net interest settlement.

[PBC Notice](#) (Currently Only Available in Chinese)

Policy to allow Shanghai FTZ to expand cross-border RMB payments officially launched

PBC released "Notice on Supporting China (Shanghai) Pilot Free Trade Zone to Expand Cross-border RMB Payments" on 21 February, which further simplifies RMB cross-border settlement in FTZ under current account and direct investment. The Notice also specifies standards on offshore RMB loans, bi-directional RMB cash pool, centralized cross-border RMB collection and payment, as well as individual cross-border RMB business.

The detailed rules provide that non-bank financial institutions and enterprises within FTZ can borrow RMB from overseas, but the amount shall not exceed the multiple of paid-up capital multiplied by macro-prudential policy factor (1 time of paid-up capital for enterprises and 1.5 times for non-bank financial institutions within FTZ), and loan tenor must exceed 1 year. According to relevant provisions, borrowers within FTZ can open special deposit accounts with banks in Shanghai, which can only be used within FTZ or overseas, including production, operation and construction projects within FTZ and overseas construction projects.

[Media News](#) (Currently Only Available in Chinese)

Shanghai FTZ lifts foreign-currency deposit rates cap

China's central bank will remove interest rate ceilings on smaller foreign-currency deposits in the Shanghai Free Trade Zone (FTZ) from March 1. The relaxation applies to deposits of less than 3 million U.S. dollars owned by businesses and agencies registered in the zone or by individuals who have worked in the zone for more than

Should you have any inquiry, please contact:

Zhou, Ying

zhouying@nafmii.org

one year. Currently, regulatory caps apply to one-year or other shorter-term deposits in U.S. dollars, Japanese yen, euro and Hong Kong dollars. Deposits worth more than 3 million U.S. dollars are not subject to ceilings.

[Media News](#)

Disclaimer: NAFMII does not guarantee the accuracy of the information contained in the newsletter. Materials and data provided here are intended for general informational purposes only, and are not intended to provide specific investing, tax, business or legal advice to any individual or entity. Certain contents of this newsletter are copyrighted by NAFMII. You agree that information provided on this newsletter will be used solely for your own personal, noncommercial use and benefit, and this information is not to be distributed, sold, transferred or otherwise made available to third parties. You may not copy, recompile or create derivative works from the information provided on this newsletter. Readers are urged to consult with their own advisors before taking action based on any information appearing on this newsletter.