

#### **SAFE Tightens Control over Inflow of Foreign Exchange Funds**

Chinese version China's State Administration of Foreign Exchange (SAFE) will continue to push the convertibility of capital items and tighten the control over the inflow of foreign exchange (forex) funds. It will also work with related authorities to allow offshore institutions to remit the forex purchased after raising funds by issuing RMB bonds in China. Domestic offering of RMB shares by offshore enterprises is also under consideration.

According to the 2007 China Balance of Payments Report released by the SAFE on June 5, the SAFE will cancel the examination on the resources of forex for offshore direct investment and consider the policies governing the individual offshore direct investment. It will also continue to support the external investment through domestic qualified institutional investors, expand the scope of investment entities and the investment volume and scope, and further relax the conditions for and the scale of offshore fund provision by multinational companies.

(Source: State Administration of Foreign Exchange)

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