

## **SAFE to start annual checks on banks' foreign exchange controls**

China is to launch annual checks on banks' foreign exchange management to further strengthen the country's control over foreign currency, the State Administration of Foreign Exchange (SAFE) said.

The country's top foreign exchange regulator will examine the implementation of the foreign exchange rule in banks, according to a statement on its website on Friday.

The checks would cover domestic, joint venture and solely-funded foreign banks, as well as outlets of foreign banks, the administration said.

The checks will be annual, but this year's review would run from Sept. 1 through the end of 2008.

The move was the latest step in the government's efforts to enhance its grip over cross-border capital flow.

The country published its revised version on foreign exchange rules on Aug. 7 with immediate effect. The new stipulations aimed to tighten control on the transfer of foreign currencies in and out of China.

The new rules include hefty fines of up to 30 percent of the capital involved for unauthorized inward or outward money transfer.

On Aug. 14, the People's Bank of China, the central bank, set up a foreign exchange department to better administer such currencies.

*Source: Xinhua*