

China to strengthen punishment for illegal forex activities to curb hot money inflows

China's foreign exchange regulator said Thursday that it will increase punishments for illegal foreign exchange activities.

The move aims to help curb the hot money inflows and promote sound development of the foreign exchange management, the State Administration of Foreign Exchange (SAFE), the regulator, said in a statement.

During the inspections in the past two years, SAFE found that some banks had relaxed approval regulations in a bid to quickly expand its foreign exchange business, though its statement does not list the names of the erring banks.

The regulator said it will intensify the scope and frequency of investigations into banks' foreign exchange activities.

Starting from February this year, investigations into speculative hot money, which have entered the country, betting on an appreciation of the Chinese currency, and a hike in asset prices, have found 190 cases, or 7.35 billion U.S. dollars, of hot money inflows, the SAFE said earlier this month.

Capital flows into and out of China for purposes other than import - export payments are strictly controlled by the SAFE, which manages China's 2.45 trillion U.S. dollars in foreign exchange reserves.

*Source: Xinhua*

(Editor: 张茜)