

Open NRA RMB Bank Account with a China Bank

Description

Very often we receive inquiries from foreign companies asking about opening a bank account in China in order to facilitate their trade with China business partners. In the past, we have written a post about [opening foreign exchange bank account in China](#).



Open a Bank Account in China

With China endeavoring to internationalize its currency RMB, back in 2010, China has allowed foreign companies to open RMB bank account with banks in China. We will tell you more in this regard below.

I. Eligibility of Foreign Companies for Opening RMB Account

On October 1, 2010, China Central Bank, the People's Bank of China ("PBOC") put into effect the regulation entitled "*Administrative Measures on RMB Settlement Accounts of Foreign Institutions*" laying out the regulatory framework for foreign companies opening and operating RMB settlement accounts in China.

According to Article 2 of these Administrative Measures, "foreign institutions" refers to any institution legally formed and registered outside China, and for purpose of this regulation, Hong Kong, Macau and Taiwan are considered "outside China". On the face, it seems that any foreign institution is eligible for opening such RMB bank accounts with China banks. But in practice, banks don't like small companies whose monthly turnover is small.

II. Documents Required for Opening NRA RMB Account

Article 8 of these Administrative Measures provided that the following documents are required when applying to open a NRA (non resident account) RMB account with a bank in China:

- (1) an application form;

- (2) incorporation certificate of the foreign entity;
- (3) regulatory grounds or China government approval underlying China business activities;
- (4) identity document of legal representative or person-in-charge, or the person authorized to sign documents on its behalf in the entity's articles of association together with such articles of association;

All documents in foreign language shall be translated into Chinese.

All required documents shall be submitted to local branch of the People's Bank of China, the national banking regulatory watchdog. Upon receiving satisfactory documentation for account opening, PBOC will issue an Account Opening Permit.

By the way, according to the rules, a foreign entity can entrust a person in China to open, amend or close such RMB account by issuing a power of attorney to that person. It is the legal representative, person-in-charge, or the authorized signatory of the said foreign entity who issues such POA.

III. Types of Accounts and Functions

Each foreign entity can only open one Basic RMB Settlement Account with a China bank. Based on its actual needs, foreign entities may open other general or special RMB accounts following the opening of the basic account.

All these accounts are not allowed for cash transactions except as approved by PBOC. In other words, you cannot withdraw from or deposit into these accounts.

There are specific rules governing what kinds of inflows into and outflows out of such accounts.

The following incomes can come into these accounts:

- (1) income generated from cross-border trades of goods and services, profits and other current account RMB fund;
- (2) capital account RMB fund as specifically authorized or approved by regulations and policies;
- (3) cross-border trading financing loan proceeds;
- (4) interests accruing over time;
- (5) RMB funds from other such NRA RMB accounts owned by the same legal entity or other foreign entities;
- (6) other income as provided by PBOC.

The following expenses can be paid out of such RMB accounts:

- (1) payouts stemming from cross-border trades of goods, services, profits and other current accounts;

- (2) capital account RMB fund as specifically authorized or approved by regulations and policies;
- (3) repayment of principal and interests thereon of cross-border trading financing loans;
- (4) bank charges;
- (5) other payouts as provided by PBOC.

Banks may directly process international transfers to foreign bank accounts , and transfers as between such NRA RMB accounts, as per requests from foreign entities.

Lastly, probably most importantly, RMB funds in such NRA RMB accounts can be converted into foreign exchanges and send the same out of China.

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