

Frequently Asked Questions on RMB

1.) What is the difference between CNY and CNH?

CNY and CNH are different rates for the same currency, Renminbi:

- CNY is the onshore rate for Renminbi which is traded in mainland China. CNY is more regulated and traded within a range that is set by the People's Bank of China (PBOC). CNY can only be accessed through a designated clearing bank, such as Bank of China Manila (BOC). Accessing the CNY rate has requirements on top of BSP's standard requirements.
- CNH is the offshore rate for Renminbi which is freely traded outside of mainland China. CNH can be accessed outside of clearing banks and does not have additional requirements that the CNY does.

2.) What are the special requirements for purchasing/selling using the CNH rate?

Using the CNH rate has the same requirements for purchasing/selling other foreign currencies such as the US Dollar (USD).

3.) What are the special requirements for purchasing/selling using the CNY rate?

3.1.) Purpose

Only the following transactions shall be eligible to use the CNY rate:

- Goods trade
- Service trade
- Direct investments

3.2.) Documents

Transaction Type	Client Purchase CNY	Client Sell CNY
Goods Trade	<ul style="list-style-type: none">➤ Commercial invoice or equivalent document➤ Third party transport document (providing any one or more of the following transport document for proof of delivery)*:<ul style="list-style-type: none">➤ Bill of Lading➤ Air Transport Document➤ Non-negotiable Sea Way Bill➤ Forwarder Cargo Receipt➤ Postal Receipt <p>*Including but not limited to these documents</p> <ul style="list-style-type: none">➤ Specifically for advance payment transactions wherein the client shall purchase CNY, the following documents shall be required:<ul style="list-style-type: none">➤ Purchase Order➤ Sales Contract or Proforma Invoice	

	<ul style="list-style-type: none"> ➤ Letter of Undertaking (LOU) to the effect that if the importation is cancelled, the importer shall inwardly remit the FX refunded by the foreign supplier and sell same for pesos to the FX selling/remitting AAB on same date. 	
Service Trade	<ul style="list-style-type: none"> ➤ Contract / Agreement ➤ Invoice (payment instruction) or settlement list (payment list) ➤ Other documents which can prove the authenticity and legality of the deal 	<p>If the remittance is remarked with "Service Trade", no more documents shall be required from the client. If the remittance is not remarked with "Service Trade", the documents listed below shall be provided by the client:</p> <ul style="list-style-type: none"> ➤ Contract/Agreement ➤ Invoice (payment instruction) or settlement list (payment list) ➤ Other documents which can prove the authenticity and legality of the deal
Direct Investments	<ul style="list-style-type: none"> ➤ Approval on FDI from MOFCOM or Department of Commerce of regional government ➤ Approval on inward capital remittance from SAFE or Registration in SAFE capital account information system ➤ Other documents which can prove the authorization of the FDI project 	<p>If the remittance is remarked with "Direct Investment", no more documents is required from client. If the remittance is not remarked with "Direct Investment", the documents listed below shall be provided by the client:</p> <ul style="list-style-type: none"> ➤ Approval on ODI from MOFCOM or Department of Commerce of regional government ➤ Approval on outward capital remittance from SAFE or Registration in SAFE capital account information system ➤ Other documents which can prove the authorization of the ODI project

3.3.) Purchase period

CNY rate can be used so long as the exchange happens 90 days before the payment due date (for import payments) or receipt of funds (for export proceeds or inward investments).

4.) I export goods. Can I invoice my buyers in RMB? What are the advantages in doing so?

Yes, as long as it is agreed upon between the seller and the buyer. Using RMB can be advantageous when trading with a company based in China. Since the China-based company no longer has to use USD, they get to avoid foreign exchange risk and use their local currency instead. Normally, the removal of said foreign exchange risk means you can negotiate for a price that is 2 to 3% better than when using USD.

5.) Can I purchase/sell RMB for investments?

Yes, as long as the requirements of BSP (and PBOC if the CNY rate will be used) are met.

6.) What is the function of BOC as the RMB clearing bank?

As the RMB clearing bank, BOC can provide position squaring for the CNY rate. Additionally, inward and outward remittances to and from China can be coursed through BOC.

7.) Will documents have to be submitted to BOC for foreign exchange transactions?

No. Participating banks are expected to conduct their own transactional due diligence. When trading using the CNY rate, participating banks are required to state the purpose of the trade.

8.) Will BOC conduct AML screening?

As the clearing bank, BOC will only conduct AML screening for foreign inward and outward remittances. Domestic remittances will not go through AML screening.

9.) What will be the trading hours for CNH and CNY?

CNH – 9:30am to 12:00nn and 2:00pm to 4:00pm

CNY – 9:30am to 12:00nn and 2:00pm to 4:00pm

10.) What is the cut-off time for remittance instructions sent to BOC?

While the payment-versus-payment (PvP) mechanism is not yet deployed, the cut-off time shall be 2:45PM in the Renminbi Transfer System. (RTS). When PvP is deployed, the cut-off time shall be moved to 4:00PM in RTS and 3:30PM for SWIFT transferred messages.

11.) Is remittance purpose required for RMB remittances?

Yes, in order to comply with local and worldwide requirements of anti-money laundering and counter-terrorist financing, customers are required to provide the Payment Purpose, regardless of destination country or region of remittance.

12.) What are the documents required (branch level) per type of purpose for corporate and individual remittances?

For purpose of goods and services, with applicability for both corporate and individual clients, the requirements are:

- i. Proof of purchase of goods/service, ex. Pro-forma invoices or similar document
- ii. Proof of Investment – Certificate of Investment or similar document
- iii. Salary – Certificate of Employment (1-yearr tenured) and Certification of Salary such as payslip.

13.) Is there a maximum number of remittances allowed per day to each client?

There is no maximum number of remittances per day.

14.) What fees will be charged by the RMB Clearing Bank for inward and outward RMB remittances?

BOC Manila RMB Clearing Bank will apply the following charges:

- a. Inward Remittance: RMB 30.00
- b. Outward Remittance: RMB 55.00 (may be subject to other charges from the correspondent bank chain)

15.) Are Participating Banks mandated to use the Renminbi Transfer System?

The participant bank may opt to choose between SWIFT or the Renminbi Transfer System (RTS).

16.) Is there any special format for the remittance instructions sent to the Clearing Bank?

a) Domestic

No format required but most preferably be transferred using RTS to achieve Real Time Gross Settlement. When transferred via SWIFT, it may take some time to credit to beneficiary bank.

b) Offshore

Indicated in the RMB remittance guidelines:

- ii. Receiving BIC = BKCHPHMMRTS
- iii. Remitter and Beneficiary address to start with string "ADD."
- iv. Field 72 first line string = "/PYTR/(CODEWORD)" example: /PYTR/GOD/

c) Onshore

Indicated in the RMB remittance guidelines:

- ii. Receiving BIC = BKCHPHMMRTS
- iii. Remitter and Beneficiary address to start with string "ADD."
- iv. Field 72 first line string = "/PYTR/(CODEWORD)" example: /PYTR/GOD/

17.) What is the estimated time for credit to the final beneficiary of an RMB remittance?

a) Domestic

Funds can be credited to the receiving institution on the same day given it is processed in the RTS platform (RTGS), but it still depends on the receiving institution if they have regulatory concerns with the remittance.

b) Cross-border

It is certain that the timing of funds crediting to the beneficiary bank may happen on the same day but it still depends on the receiving institution if they have regulatory concerns with the remittance. To avoid delay or rejection of remittance, Participating Banks are advised to have their clients inquire with the beneficiary/bank about the local regulatory requirements before initiating the payment and accordingly provide the necessary details of the remittance.

18.) Is there an overdraft facility for RMB?

There is no overdraft facility for RMB.

19.) Like PESONET, are Participating Banks allowed to sponsor banks that are not direct participants?

Yes, Participating Banks may do transfers on behalf of a non-participating bank that has an account with the said Participating Bank.

20.) I have an RMB account in a BOC branch in China, can I remit the funds from that account to my account here in the Philippines?

Yes.

21.) What investment products are available to me?

China Interbank Bond Market thru the Bond Connect channel.

22.) Is it possible to exchange PHP to RMB and remit to China for investment there?

Yes, as long as the proper documentation is presented by the client.

For any questions or clarifications with regards to RMB trading and foreign exchange, you may contact Patricia Ann Bello at (+632) 8297 7888 (loc. 823). For all other RMB concerns such as crediting of proceeds for remittances or deals, you may contact the RMB Clearing Bank at (+632) 8297 7888 (dial 1 once connected) or send an email to customercare_ph@bankofchina.com.

For more information, you may visit www.bankofchina.com.ph.