



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

**Republic of the Union of Myanmar
Central Bank**

Guidelines for the direct payment in CNY/MMK in the Sino-Myanmar border trade

1383, 2nd Waxing Day of Tapaung
3rd March 2022

1. Exercising its authority under sections 17 and 22 of the Foreign Exchange Management Law, the Central Bank of Myanmar hereby issues the following guidelines for the direct payment in CNY/MMK in the Sino-Myanmar border trade.
2. For the direct payment in CNY/MMK in the Sino-Myanmar border trade, banks must ensure to have procedures in place for banking arrangements, the payment mechanism, the exchange rate to be used, trade documents to be collected when opening a CNY and MMK account, bank charges, liquidity support, and reporting.

Defining border trade

3. Border trade means the export and import of goods across the border of two countries.
4. The first banks to be allowed to operate in the Sino-Myanmar border trade will be Myanma Economic Bank, Bank of China (BOC), Hong Kong (Yangon Branch), and Industrial and Commercial Bank of China (ICBC), Yangon Branch. Bank of China, Hong Kong (Yangon Branch), ICBC, Yangon Branch, and local banks approved by the CBM shall submit their mechanism for direct payment in CNY/MMK in the Sino-Myanmar border trade to the CBM for review and approval.

Pilot programme

5. Direct payments in CNY/MMK in the border trade between the two countries will initially be permitted in Muse/105 Miles. Other border trade areas under the direction of the Central Committee for Ensuring a Smooth Flow of Trade and Goods will continue to operate under the guidance of the Central Committee.
6. Payments in CNY/MMK through the banking system may be made in the border trade between the two countries as follows:
 - (a) Initially, such payments will be allowed for border trade.



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- (b) Remittances by Myanmar migrant workers in China will be allowed.
- (c) Such payments will be allowed in normal trade later when they are fully functional in border trade.

Banking arrangements

- 7. Banking arrangements must include the following:
 - (a) Banks authorised by the CBM shall operate in accordance with the mechanism prescribed by the Central Bank of Myanmar as enclosed.
 - (b) Myanma Economic Bank, authorised local banks, BOC, Hong Kong (Yangon Branch) and ICBC (Yangon Branch) must reciprocally open CNY and MMK accounts.
 - (c) In order to engage in CNY/MMK business, cooperating banks must enter into a bilateral cooperation agreement with CBM approval.
 - (d) The bilateral cooperation agreement shall include the following:
 - (1) Standard operation procedures to be implemented by both banks in accordance with the mechanism prescribed by the CBM.
 - (2) Myanmar importers/exporters must open CNY/MMK accounts at Myanma Economic Bank and [or?] local banks in the border area.
 - (3) CNY bank accounts opened must be reported to the CBM's Foreign Exchange Management Department.
 - (4) BOC, Hong Kong (Yangon Branch) and ICBC, Yangon Branch may open CNY corporate business accounts for cross-border trade. The status of the CNY corporate business accounts shall be reported to the CBM's Foreign Exchange Management Department and the CNY/MMK Cross-Border Trade Settlement Working Group by sending an e-mail to lcyworkinggroup@cbm.gov.mm.
 - (e) Arrangements for the unimpeded transfer to other foreign currencies must be included if there is surplus CNY from border trade at local banks.
 - (f) If Myanma Economic Bank and local banks are in need of CNY liquidity, Bank of China, Hong Kong (Yangon Branch) and ICBC, Yangon Branch will have to provide support. Credit line, trade financing procedures and interest rates must be submitted to the CBM for approval.



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- (g) Settlement of trade transactions shall be made on the same day (Trade Date (T) + 0) or the next day (Trade Date (T) + 1).

Payment mechanism

8. Payment may be made in the following ways:
- (a) Documentary collection system (document against acceptance - DA / document against payment - DP)
 - (b) Advance payment for goods system (made by telegraphic transfer - TT)
 - (c) Remittance after the goods are shipped and received (open account) (made by telegraphic transfer - TT)
 - (d) Remittance against documents (documentary credit / letter of credit L/C)
9. Myanma Economic Bank and local banks are allowed to pay/collect for the importer/exporter as permitted by the CBM. This is done through their CNY accounts at BOC Hong Kong (Yangon Branch) and ICBC, Yangon Branch. They have to notify their customer and correspondent bank.
10. BOC Hong Kong (Yangon Branch) and ICBC, Yangon Branch must establish procedures for collecting/verifying documents from Myanma Economic Bank (local banks) so that they can collect receivables from/pay payables to Myanma Economic Bank (local banks) through the CNY bank accounts of Myanma Economic Bank (local banks).
11. Exporters are required to repatriate their export earnings in accordance with CBM Notification 35/2021 dated 3rd October 2021.

Exchange rate

12. The CNY/MMK exchange rate used in the border trade between the two countries shall be set as follows during the pilot period (3 months):
- (a) The CNY/MMK exchange rate shall be based on the local market rate (direct quotation).
 - (b) Banks must report the local market rate used in transactions as per the direct quotation 3 times a day to the CBM's Foreign Exchange Management Department in the prescribed form.



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Trade documents to be collected when opening a CNY/MMK account

13. To speed up trade, the flow of goods and payment in border trade in coordination with the Ministry of Commerce's Customs Department and the Internal Revenue Department, the following documents shall be collected when Myanmar exporters/importers open CNY and MMK accounts with local banks.
- (a) Account opening application for companies, cooperatives or joint ventures, initial deposit limit, exporter/importer registration/license;
 - (b) minutes of the meeting of the board of directors approving *[the account opening]*, company registration/license and constitution, membership in a chamber of commerce (if required), proof of authorisation if an agent is sent, invoice, sales contract.

Bank charges

14. Basic bank charges shall not be higher than permitted by international best practice. Approval must be sought from the Central Bank with supporting documents for additional charges. The basic bank charges between two parties are as follows:

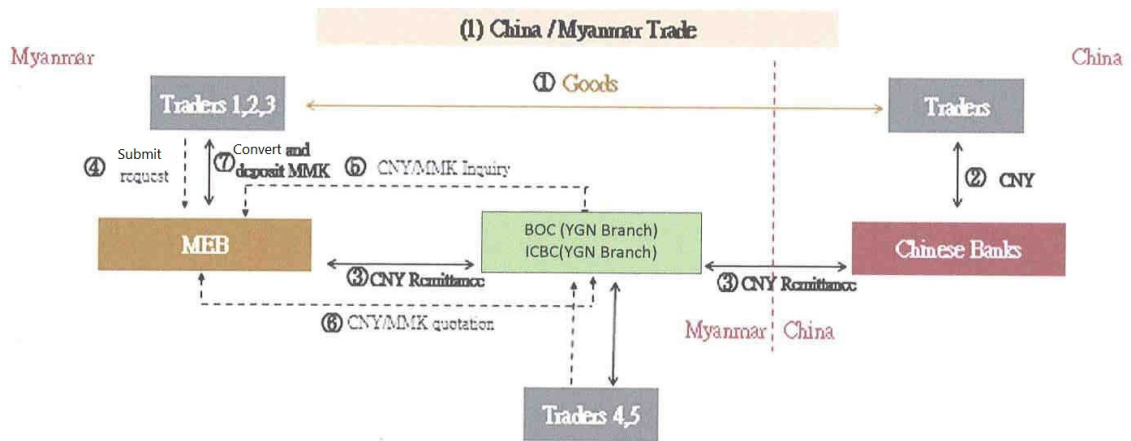
Sr.	Item	Rates to be collected
1	Inward/outward remittance	CNY 60
2	Transfer between accounts (book transfer)	CNY 30
3	SWIFT charges	CNY 60
4	LC advising/amendment	CNY 120
5	Payment amendment/cancellation fee	CNY 120
6	Bank account opening	MMK 10,000

15. Border trade transaction reports must be prepared using MACSS/BOTS (Border Trade Online System) and submitted daily at 4:00 pm to the CBM's Foreign Exchange Management Department through the Electronic Reporting System (ERS), and by e-mail in Excel format to the CNY/MMK Cross-Border Trade Settlement Working Group addressed to Icyworkinggroup@cbm.gov.mm. The Foreign Exchange Management Department will report to the Central Committee for Ensuring a Smooth Flow of Trade and Goods at 5:00 pm daily.

On behalf of the Governor
Than Than Swe
Deputy Governor



Yuan/ Kyat Cross Border Settlement Mechanism





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About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

- Sebastian Pawlita, Managing Director
Phone: +95-9-262546284 (English)
E-Mail: sebastian@lincolnmyanmar.com
- Nyein Chan Zaw, Director
Phone: +95-9-790488268 (Myanmar)
E-Mail: nyeinchanzaw@lincolnmyanmar.com

Office address: La Pyi Wun Plaza, Room 409 (4th Floor), 37 Alan Pya Pagoda Road, Dagon Township, Yangon

Web: www.lincolnmyanmar.com