

Regulatory

Developments

PBC Notice (2018) No.7

To help create a new landscape in all-round opening up of the payment service market, a notice is hereby issued regarding matters concerning foreign-invested payment organizations, with the approval of the State Council and in accordance with the Law of the People's Bank of China and the Regulations on Payment Service of Non-financial Institutions (PBC Decree [2010] No.2).

First, if overseas organizations plan to provide e-payment services for domestic transaction and cross-border transaction of entities in the People's Republic of China, they should set up foreign-invested enterprises within the territory of the People's Republic of China and obtain the license for payment business according to the conditions and procedures stipulated in the Regulations on Payment Service of Non-financial Institutions.

Second, the foreign-invested payment organization should have business system and disaster recovery system within the People's Republic of China that is secure, standard and able to handle payment business independently.

Third, the personal information and financial information collected and produced by foreign-invested payment organization within the People's Republic of China should be stored, processed and analyzed within the country. If such information has to be transmitted overseas in order to handle cross-border business, relevant laws, administrative regulations and regulatory requirements should be observed, and the overseas entity should be requested to perform its confidentiality obligation and obtain the consent of the person concerned if it's personal information.

Fourth, foreign-invested payment organizations shall abide by the PBC's regulatory requirements on non-banking payment organizations in corporate governance, daily operation, risk control, capital handling, deposit of excess reserve, emergency arrangement, among other areas.

[\(PBC News\)](#) (Currently Available in Chinese)

PBC answers reporter's questions regarding access and regulatory policy of foreign-invested payment organization.

I. What are the basic principles regarding access and regulation?

(1) Encourage fair competition and promote market opening up.

- (2) Prevent risks and ensure information security.
- (3) Provide reasonable guidance and insist on law-based development.

II. What conditions should foreign-invested organizations meet to apply for payment business license?

(1) Business presence. The overseas organization should set up a foreign-invested enterprise within the People's Republic of China as the entity to apply for the payment business license.

(2) Payment business facilities. The foreign-invested payment organization should have business system and disaster recovery system within the People's Republic of China that is secure, standard and able to handle payment business independently.

(3) Requirement on information storage. The foreign-invested payment organization should abide by the laws of the People's Republic of China. The personal information and financial information it collects and produces within the People's Republic of China should be stored in the country.

In addition to the above conditions, the foreign-invested payment organization should also meet the requirements set out in the *Regulations on Payment Service of Non-financial Institutions* (PBC Decree [2010] No.2) concerning financial strength, main capital contributor, anti-money laundering measures, etc.

[\(PBC News\)](#) (Currently Available in Chinese)

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