



Treasurers Survey on SAFE (State Administration of Foreign Exchange) Regulation

Background of the survey

In 2008 China celebrated its 30th anniversary of its Reform Policy. In the same year we also witnessed the unprecedented global credit crunch that has created significant challenges for corporate treasurers in managing liquidity, currency and many other financial risks. IACCT (China) has the mission to promote the development of the treasury management profession in China, and in so doing, assist members and peers to develop ideas that can improve our operating environment and mitigate treasury risks. In concerted action with central banks and governments in Asia and developed countries, China introduced both monetary easing (lowering interest rates) and fiscal counter-cyclical measures (RMB 4 trillion over two years) to stimulate domestic demand. For the first time, China changed its macro adjustment policy from tightening to progressive. This is an appropriate time to conduct a survey among our peers to understand the need of the treasurer community so we can provide constructive feedback and recommendations to the regulators.

Participants in the survey

In addition to the email survey, we will be asking for input from treasurers who are members of national treasury associations through their representatives attending the annual IGTA meeting in Toronto on 1 November and at the EuroFinance Conference in Shanghai on 26-27 November. Please forward this questionnaire to any colleagues whom you feel would want to contribute their views.

Scope of the survey

The Chairman of the IACCT (China) serves as an advisory role within a number of regulators including the Hong Kong Monetary Authority (Executive Board Member of Treasury Markets Association chaired by HKMA), SAFE (the Council Member of China Forex Magazine which is a division of SAFE) and Ministry of Finance (Expert Panel Member of the magazine of the China Association of CFOs). There are a number of questions specifically related to SAFE that he plans to share at the future discussion session with SAFE.

Your answers and the fact that you have answered at all will be kept confidential unless you specifically request otherwise.

Questions specifically related to SAFE regulations (#1-12)

1. Do you wish to be named as a participant in this survey but without any specific attribution of your responses?
2. Do you wish to have your responses attributed to you in our feedback to regulators (e.g. SAFE)?
3. What regulations have the biggest impact on your operations in China?
4. What are the biggest pain points for your operations in China?
5. How do you keep abreast with the regulations? (Directly from regulators such as SAFE, from banks, from auditors, from lawyers, other)
6. Do you feel that you have sufficient clarity about the regulations and the processes you need to comply with? If not, what could be done to improve matters?
7. In your experience, are the regulations applied consistently across the various provinces and regions of China?
8. What are the main problems for your operations arising from foreign exchange remittances?
9. How important is it for your company to be able to make cross border inter company loans?
10. How important is it for your company to be able to hold foreign currency off shore?
11. Would your company be interested to set up a treasury centre in China? If so, in which city and what are the main obstacles now?
12. Please set out any proposals you have for SAFE to improve the business environment in China. (Your proposals will remain anonymous unless you specifically answer YES to question 2.)

Other more general questions (#13-15)

13. Please set out any proposals you have for another regulator (please specify) to improve the business environment in China. (Your proposals will remain anonymous unless you specifically answer YES to question 2.)
14. Do you wish to obtain a listing in the Chinese stock market? If so, in RMB or USD? Will you do so if you are only allowed to retain the funds onshore?
15. Do you wish to issue corporate bond in China? If so, in RMB or USD? Will you do so if you are only allowed to retain the funds onshore?

Prepared by:

David Blair, Convenor, Asia Pacific Treasury Forum and Senior Advisor to IACCT (China)

Peter Wong, Founding Chairman, IACCT (China)

Please email your replies to david@davidblair.biz by 14 November 2008