

## RENMINBI OUTWARD PAYMENTS PURPOSE CODE LIST

### Background and Implications

The People's Bank of China (PBOC) has announced that the China National Advanced Payment System (CNAPS) will be upgraded to Generation 2 (CNAPS 2) in 2014. With the launch of CNAPS 2, customers are mandated to declare the purpose of payment for all cross-border Renminbi (RMB) payments by specifying the prescribed payment purpose code. Any RMB payments without a specified payment purpose code will be rejected. In response to this change, the RMB Clearing Bank in Hong Kong will migrate its clearing system to meet CNAPS 2 standards on 19 May 2014.

### How to declare the purpose of payment

To facilitate customers to adapt to this regulatory requirement and for preparation of RMB payment instructions in compliance with the CNAPS 2 standards, HSBC will introduce a designated set of Purpose of Payment Code for cross-border RMB payments. When preparing cross-border RMB payment instructions, customers are required to specify the appropriate Purpose of Payment Code based on their underlying purposes. Any cross-border RMB payment without an indicated Purpose of Payment Code will be delayed or rejected.

### Purpose of payment codes and definitions (Applicable to non-personal customers only):

Purpose of Payment Code	Purpose of Payment Code (Specific for HSBC SmartForm)	Coverage	Definition
GOODS TRADE	/BUSINESS/GOODS TRADE	Cross-border Goods Trade	Cross-border settlement conducted for trade in goods, including general merchandise, goods for processing, goods required for repairing, goods procured in ports by carriers, transactions to be settled by letter of credit, bills for collection, payment of import equipment and advanced payment etc.
SERVICE TRADE	/BUSINESS/SERVICE TRADE	Cross-border Service Trade	Cross-border settlement conducted for trade in services, including services or fees relating to transportation; travel; communications; construction services; installation projects and their subcontract services; insurance; financial services; computer and information services; royalties and license fees; sports and entertainment; water, electricity and gas bills to be paid by corporations or financial institutions; rent; audit fees; hotel accommodation fees; legal fees; advertising and promotion fees; copyright and design fees; research and development fees; company registration fees; medical expenses; government services not mentioned above and other commercial services etc.
CAPITAL TRANSFER	/BUSINESS/CAPITAL TRF	Cross border Capital Transfer	Capital account transactions, (capital transfers and acquisition/disposal of non-productive or non-financial assets), capital injection, capital reduction, capital payment, direct investments, securities investments, other investments, shareholder's loan/repayment, other capital payments as approved by relevant regulatory authorities, fund transfers for foreign direct investment ("FDI") by enterprises and RMB Qualified Foreign Institutional Investor ("RQFII") projects by enterprises, bonds, fund transfer between enterprises etc.
CHARITY DONATION	/BUSINESS/CHARITY DONATION	Charity Donation	Donation to charities (non-profit making organisations).
CURRENT ACCOUNT TRANSACTION	/BUSINESS/CURRENT ACC TXN	Current Account Transactions	Income and current transfers, remittance of profits, bonus, dividend payment, tax payment etc.

**Purpose of payment codes and definitions (Applicable to personal customers only):**

Type of Payments	Purpose of Payment Code	Coverage	Definition
A) For RMB payments to China requested by HK residents	1. GENERAL FOR HK RESIDENTS	General for HK residents	Outward remittance by individual customer from Hong Kong to the same name account maintained in the Mainland.
B) For RMB payments to overseas countries requested by HK residents,  <b>OR</b> C) For RMB payments to China/overseas countries by non-HK residents	1. CURRENT TRANSFER	Current Transfer	Income and current transfers, remittance of profits, bonus, dividend payment, tax payment and scholarships, etc.
	2. PAYMENT FOR GOODS	Payment for Goods	Individual retail consumptions
	3. PAYMENT FOR SERVICE	Payment for Service	Individual bill payments, services or fees relating to transportation; travel; communications; construction services; insurance; financial services; computer and information services; sports and entertainment; rent; hotel accommodation fees; legal fees; medical expenses; government services not mentioned above and other commercial services, etc.
	4. INVESTMENT	Investment	Individual investments
	5. CHARITY DONATION	Charity Donation	Donation to charities (non-profit making organisations).

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**Important Note:** CNAPS 2 is still under development by PBOC. There may be changes from time to time in regulatory and clearing systems requirements that may demand changes in its payment message format and content.

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