



**Regulatory
Developments**

The People's Bank of China Promulgates Notice on Relevant Matters Concerning the Implementation of the Pilot Measures for Securities Investment within the Territory of China by RMB Qualified Foreign Institutional Investors

The People's Bank of China (PBC) released a notice on 2 May on the Pilot Measures for Securities Investment within the Territory of China by RMB Qualified Foreign Institutional Investors (RQFII), which clearly specifies relevant implementation details, such as opening and custody of RQFII's special investment accounts, as well as income and expenditure range, fund transfer and deposit interest rates of such accounts..

[PBC news release](#) (currently only available in Chinese)

Central Bank Bills are Re-issued after 17 Months Aim to Ease Excess Liquidity

PBC announced in the evening of May 8 that "in order to maintain steady growth of base currency and keep money market interest rates stable, it will issue the first central bank bill on May 9, 2013 (Thursday)". The tenor of the central bank bill will be three months with an amount of RMB 10 billion. According to market institutions analysis, due to PBC's sudden quantity quotations, yields of government bonds issued in the same day increased substantially. The re-issuance of central bank bills after 17 months enhanced market expectations for interest rate cut to some extent.

[PBC news release](#) (currently only available in Chinese)

[News report](#)

CBRC: Boost Risk Control over LGIV Loans

A China Banking Regulatory Commission (CBRC) official said in a media interview that the CBRC will focus on controlling the total volume, optimizing structure, isolating risks and clarifying responsibilities in 2013, so as to continue enhancing

risk control over LGIV (local government investment vehicle) loans. According to an official from CBRC, the Commission will take policy measures to timely reduce maturity risk, strictly control total risks, optimize outstanding loan structure and establish risk isolation system, so as to improve risk control over local government financing platform loans.

[News report](#) (currently only available in Chinese)

CIRC Explains the Notice on Circulating the Administrative Measures for Hierarchical Management of Business Scope of Insurance Companies

China Insurance Regulatory Commission (CIRC) recently held a Q&A session with reporters to answer questions relating to the Notice on Circulating the Administrative Measures for Hierarchical Management of Business Scope of Insurance Companies (Measures). During the session, CIRC officials explained the purpose and applicable targets of the Measures, business classification, access prerequisites, management over alteration of business scope and exit mechanism. According to CIRC, the Measures aims to encourage insurance companies to develop guarantee-based business, drive insurance companies to focus on providing quality services and innovating continuously, and enable insurance companies to improve capital management, risk management and control and the awareness of compliant operation.

[CIRC news release](#) (currently only available in Chinese)

Ministry of Finance Released the 2013 National Social Insurance Fund Budget

On May 7, Ministry of Finance (MOF) released the 2013 National Social Security Fund Budget, which had been officially submitted to the National People's Congress in March this year. The budget was categorized by insurance type and included both the central and local budgets. The revenue of the National Social Insurance Fund was RMB 3.2829 trillion, an increase of 9.9% over the previous year, including RMB 2.4664 trillion premium income and RMB 718 billion financial subsidies income; expenses were RMB 2.7913 trillion, an increase of 16.8% over the previous year; the balance of revenue and expenditure for the year was RMB 491.5 billion, amounting to a rolling balance of RMB 4.0943 trillion at the end of year.

[Report](#) (currently only available in Chinese)

Macro-economy

The Exchange Rate of RMB/USD Rises above 6.2, Putting Great Pressure on Export Companies

According to data provided by China Foreign Exchange Trade System, the middle exchange rate of RMB against the U.S. dollar on 8 May went up for 3 consecutive

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trading days at 6.198, up 103 basis points from the previous day. The general consensus in the market is that 6.2 is a crucial point for USD/CNY. Against the backdrop of competitive devaluation in some economies, coupled with the downturn in global trade, the recent appreciation of RMB undoubtedly adds more pressure to export companies.

[News report](#) (currently only available in Chinese)

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