

**Regulatory
Developments**

RQFII pilots further expand to South Korea and Germany

President Xi Jinping announced to grant RMB 80 billion RQFII quota to South Korea during his recent state visit to South Korea. Also during the state visit of German Chancellor Angela Merkel to China, Premier Li Keqiang announced to grant RMB 80 billion RQFII quota to Germany. In order to implement the aforementioned results, CSRC announced that financial institutions of South Korea and Germany can apply for the RQFII qualification and carry out related business according to related regulations of RQFII pilots.

[CSRC News](#)(Currently Only Available in Chinese)

PBC Signed Local Currency Swap Agreement with Swiss National Bank

With the approval of the State Council, the People's Bank of China signed on July 21, 2014, an agreement on bilateral local currency swap with the Swiss National Bank for the purpose of providing liquidity support for the bilateral economic and trade activities and maintaining financial market stability. The size of the swap facility is 150 billion yuan/21 billion Swiss francs. The agreement is valid for three years and can be extended with mutual consent.

[PBC News](#) (Available in English)

**Macro & Financial
Market news**

Statistics of micro credit companies in H1 2014 released

By the end of June 2014, the number of micro credit companies across the country reached 8,394 in total, with a loan balance of RMB 881.1 billion. RMB loans increased by RMB 61.8 billion in H1. The growth in eastern coastal regions was basically flat, while the micro lending scale and balance in some southwest regions still maintained high growth rate.

[Media News](#)(Currently Only Available in Chinese)

Foreign exchange receipts and payments data for H1 2014 released

In H1 2014, the cumulative foreign exchange settlement of banks amounted to RMB

5.92 trillion (964.5 billion US dollars), up 6% year on year; foreign exchange sales amounted to RMB 4.77 trillion (776.3 billion US dollars), up 0.4% year on year; the surplus of foreign exchange settlement and sales amounted to RMB 1.15 trillion (188.3 billion US dollars), up 36% year on year. In the same period, the cumulative foreign-related receipts on behalf of clients amounted to RMB 10.03 trillion (1.63 trillion US dollars), up 15% year on year; the foreign-related payments on behalf of clients amounted to RMB 9.50 trillion (1.55 trillion US dollars), up 20% year on year; the surplus of foreign-related exchange receipts and payments on behalf of clients totaled RMB 528.9 billion (86.2 billion US dollars), down 31% year on year.

[SAFE News](#) (Currently Only Available in Chinese)

Disclaimer: NAFMII does not guarantee the accuracy of the information contained in the newsletter. Materials and data provided here are intended for general informational purposes only, and are not intended to provide specific investing, tax, business or legal advice to any individual or entity. Certain contents of this newsletter are copyrighted by NAFMII. You agree that information provided on this newsletter will be used solely for your own personal, noncommercial use and benefit, and this information is not to be distributed, sold, transferred or otherwise made available to third parties. You may not copy, recompile or create derivative works from the information provided on this newsletter. Readers are urged to consult with their own advisors before taking action based on any information appearing on this newsletter.