

**NAFMII News**

**The outstanding volume of debt financing instruments of non-financial enterprises exceeded RMB 5 trillion**

By May 28, 2013, the outstanding volume of debt financing instruments exceeded RMB 5 trillion, maintaining a robust trend with annual growth of over one trillion for five consecutive years. Currently, the debt financing instrument market has basically formed a market system which features diversified participating entities, diverse modes of distribution and more complete product structures, and has effectively played an important role in supporting the real economy. After the recent several years of development, the proportion of direct financing among Chinese enterprises increased significantly, and the bond to credit financing ratio has risen from 1:50 in 2006 to the current 1:4.

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

**NAFMII took self-regulatory actions against 27 non-compliant institutions**

In the disclosure of 2012 annual reports and Q1 2013 financial statements on debt financing instruments of non-financial enterprises and credit enhancement institutions, 18 enterprises and credit enhancement institutions failed to disclose on time and information disclosed by 9 enterprises was unqualified. According to relevant regulations, NAFMII gave a warning to one enterprise and order it to rectify and suspend related business (for a period of three months); 25 non-compliant enterprises and credit enhancement institutions were given a circular notice of criticism; and actions against the remaining one enterprise are yet to be announced until the self-disciplinary decisions were made, as currently the enterprise is being re-examined.

[NAFMII Announcement](#) (currently only available in Chinese)

**NAFMII held the Third Meeting of Second Supervisory Committee in Shanghai**

On June 8, 2013, the third meeting of the second Supervisory Committee of NAFMII was held in Shanghai, and representatives from 12 supervisor units were present. The meeting listened to the reports of NAFMII on “Work Review on 2012 and Work Plan for 2013”, “NAFMII’s Execution of 2012 Annual Financial Budget” and “NAFMII Annual Financial Audit in 2012”. The meeting concluded that financial management of NAFMII was in good order and financial income and expenditure items were reasonable and compliant and in line with NAFMII Constitution and the relevant provisions of the “Nongovernmental Non-profit Organization Accounting System”.

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### **Latest NAFMII Data as of June 9, 2013**

- The newly issued non-financial enterprises debt financing instruments through NAFMII in 2013 reached 1.49 trillion yuan (private placement product reached 290.30 billion yuan), accounting for 80.3% of the total volume of corporate bonds issued this year; the accumulated issuance volume of the instruments reached 9.80 trillion yuan, accounting for 72.3% of the accumulated volume of corporate bonds; the outstanding volume of the debt financing instruments amounted to 5.10 trillion yuan, accounting for 59.5% of the total corporate bonds outstanding.
- 3851 market participants had joined NAFMII membership, including 180 banking institutions like policy banks, commercial banks and credit unions; 179 non-bank financial institutions like securities, insurance and finance companies; 7 financial intermediaries; 713 intermediaries like rating agencies, accounting firms and law firms; 2769 enterprises; 1 institutions of other areas; and 10 individual members.
- A total of 535 institutions (including 389 non-financial institutions and 1 investment entity with non-legal person status) completed the filing procedures for the signing of 2,094 copies of the Master Agreement on Trading Financial Derivatives in China’s Interbank Market (NAFMII Master Agreement); 70 market institutions signed the Master Agreement on Bond Repurchase Transactions; 54 market institutions signed the Master Agreement on Loan Transfer; 21 market institutions signed the Master Agreement (Warranty); 57 institutions registered for Forward Rate Agreement (FRA) qualification and 98 institutions registered for Interest Rate Swap (IRS) qualification; and there were 45 Credit Risk Mitigation (CRM) traders, 26 core traders and 29 CRMW creation institutions.

## **Regulatory Developments**

### **The PBC released 2012 China Regional Financial Performance Report**

The PBC recently released *2012 China Regional Financial Performance Report* (the Report) showing that in 2012 the overall lending rates of financial institutions went down on the whole; the differentiated pricing in deposit rates was improved and the

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characteristic of differential pricing has taken shape. Meanwhile, the financing structure is becoming more diversified. The loan financing accounted for 67.2% of the total financing, declining 3.2% over the previous year, while the proportion of direct financing has somewhat improved.

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

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