

Bond Market Related

Tianwei Failed to Pay MTN interests on Schedule, Becoming the First case of SOE bond default

Baoding Tianwei Group Co., Ltd was supposed to pay interest of the second-issue 2011 Medium-term Notes on April 21 2015; however, as the company incurred substantial losses, it failed to pay the interest of the year on schedule. Such defaults set a precedent of SOE bond defaults. ([Media news](#))

Regulatory Developments

PBC Decided to Cut Further Reserve Requirement Ratio for All Depository Financial Institutions and to Provide Targeted Reserve Requirement Ratio Cuts for Selected Institutions

The PBC has decided to cut the RMB reserve requirement ratio (RRR) for all depository financial institutions by 1 percentage point, effective from April 20, 2015. Furthermore, in order to enhance the capacity of financial institutions to support structural adjustment, and to step up support for micro and small enterprises (MSEs), the agricultural sector, rural areas and farmers, and major water conservancy projects, the PBC has decided to carry out additional RRR cuts for targeted institutions effective from April 20, 2015: An extra 1 percentage point will be reduced for rural financial institutions, including rural credit cooperatives (RCCs), village and township banks; the RRR for all rural cooperative banks will be lowered to the level applicable to the RCCs; an extra 2 percentage points will be reduced for the Agricultural Development Bank of China; for those state-owned banks and joint-stock commercial banks that have complied with prudential regulatory requirements and have extended a certain share of loans to the MSEs, or to the agricultural sector, rural areas and farmers, their RRR will be lowered by an additional 0.5 percentage points. ([PBC news](#))

Bank Card Clearing Market Opens up Orderly

The State Council issued the Decision on Implementing Access Management of the Bank Card Clearing Institutions. The Decision makes comprehensive institutional arrangements for establishing market-based mechanism of bank card clearing services in China, and defines policy intentions of opening up market and encouraging competition. The Decision adopts access management approach for bank card clearing institutions, gives clear access conditions and procedures, and also stipulates how foreign institutions can be qualified to engage in bank card

clearing business. ([PBC news](#))

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Overall Program of Guangdong FTZ Launched

The Overall Program of China (Guangdong) Pilot Free Trade Zone was promulgated on April 20. The program outlined major tasks and measures to be taken by FTZ: to promote the liberalization of service trade among Guangdong, Hong Kong and Macao, as well as the service trade liberalization of Guangdong, Hong Kong and Macao themselves; to deepen the opening up and innovation in the financial sector; and to enhance the role of pilot FTZ to drive development of surrounding areas. With regards to the opening up and innovation in the financial sector, detailed measures include: promoting the development and innovation in cross-border Renminbi business; promoting financial innovation suited to the service trade liberation of Guangdong, Hong Kong and Macao; promoting greater facilitation of investment and financing; establishing and improving financial risk prevention and control system in pilot free trade zone. ([Media news](#))

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