



## NAFMII News

### Latest NAFMII Data as of April 19, 2013

- The newly issued non-financial enterprises debt financing instruments through NAFMII in 2013 reached 954.37 billion yuan (private placement product reached 172.35 billion yuan), accounting for 75.1% of the total volume of corporate bonds issued this year; the accumulated issuance volume of the instruments reached 9.27 trillion yuan, accounting for 71.4% of the accumulated volume of corporate bonds; the outstanding volume of the debt financing instruments amounted to 4.82 trillion yuan, accounting for 58.2% of the total corporate bonds outstanding.
- 3723 market participants had joined NAFMII membership, including 171 banking institutions like policy banks, commercial banks and credit unions; 171 non-bank financial institutions like securities, insurance and finance companies; 7 financial intermediaries; 696 intermediaries like rating agencies, accounting firms and law firms; 2666 enterprises; 2 institutions of other areas; and 10 individual members.
- A total of 487 institutions (including 354 non-financial institutions and 1 investment entity with non-legal person status) completed the filing procedures for the signing of 1,985 copies of the Master Agreement on Trading Financial Derivatives in China's Interbank Market (NAFMII Master Agreement); 32 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); 55 institutions registered for Forward Rate Agreement (FRA) qualification and 96 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

### CBRC Released the 2012 Annual Report

On April 23, the China Banking Regulatory Commission (CBRC) released the China Banking Regulatory Commission Annual Report 2012, which presents a comprehensive introduction to the economic and financial situations, reform and development of the banking sector, the boosting of financial services on real

economy, the building of prudential supervision and regulatory system and capacity, the protection and education of banking customers, information disclosure, the reinforcement of market discipline, and fulfillment of social responsibilities in 2012. Relevant data of the banking sector has also been published comprehensively in the report.

The Annual Report disclosed that, by the end of 2012, there were a total of 3,747 financial institutions of legal entity status in China's banking industry, with a total asset of RMB 133.6 trillion, up 17.9% y/y; non-performing loans were RMB 1.07 trillion and the non-performing loan ratio was 1.56%, down 0.22% y/y.

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

### **CIRC promulgated the Circular on Relevant Issues Concerning Regulation of Equity Investment Firms Established as Limited Partnership Investing in Insurance Companies**

Recently, the China Insurance Regulatory Commission (CIRC) promulgated the Circular on Relevant Issues Concerning Regulation of Equity Investment Firms Established as Limited Partnership Investing in Insurance Companies. The Circular stipulates that equity investment firms established as limited partnership may not become the largest or controlling shareholder or actual controller of insurance companies; the shareholding percentage of a single equity investment firm with limited partnership in any single insurance company shall not exceed 5% and its total shareholding in multiple insurance companies shall not exceed 15%.

[CIRC Circular](#) (currently only available in Chinese)

### **Shenzhen Stock Exchange Published Guidelines on Asset-backed Securitization Business**

Shenzhen Stock Exchange (SZSE) on 22 April released Guidelines of the Shenzhen Stock Exchange on Asset-backed Securitization Business, which provides that asset managers shall issue asset-backed securities to qualified investors with appropriate risk identification and risk-bearing capability and the total headcount of asset-backed securities investors for each issuance may not exceed 200 people. The Guidelines provides that asset managers applying for asset-backed securities to be listed in SZSE shall seek consent from SZSE and sign the listing and transfer service agreement. Applicants will be required to submit the listing application; applicants that require approval from the CSRC shall also submit CSRC's approval documents; and applicants that require to be filed with CSRC shall submit the relevant certification documents to show completion of the filing and the No Objection Letter issued by SZSE.

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

**CSRC intends to drive law amendment in support of reform: the approval of IPO will abandon the sustainable profitability requirement**

According to information provided by investment banks, CSRC will carry out substantive reforms on IPO mechanism following the completion of special financial inspections – the requirement of sustainable profitability will be dropped and emphasis will be placed to the authenticity of information disclosure; at the same time, post-listing punishment will be intensified and companies listed with fraudulent information will be handed over to the judiciary system and be held criminally responsible.

At present, CSRC has formed the basic ideas on amending the Securities Law. With regards to IPO, the main direction is to simplify the licensing and approval procedures, strengthen post-listing regulation and law enforcement, and further reform the public offering system, making institutional arrangements for the transition from the approval system to the registration system.

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

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