

**Regulatory
Developments**

Central Bank Cancels Examination and Approval of Bonds Trading and Circulation in the Inter-bank Bond Market

On May 26, People's Bank of China (PBC) announced cancellation of examination and approval of bonds trading and circulation in the inter-bank bond market in accordance with the Decision of the State Council on Matters concerning Canceling and Adjusting a Group of Administrative Approval Items , which promulgated in March.

According to the announcement, In order to protect investors' interests, the central bank will strengthen the regulation during and after issuance. Issuing various bonds in accordance with law, can be traded and circulated in the inter-bank bond market upon establishment and registration of the relationship between claims and liabilities.

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

Central Bank publishes the 2014 Annual Report

On May 27, People's Bank of China (PBC) published the 2014 Annual Report. According to the Annual Report, in 2015, China will continue to accelerate reform on interest rate liberalization, improve the market-oriented RMB exchange rate formation mechanism, steadily promote capital account convertibility, improve allocation efficiency in financial resources, optimize financial regulation mechanism, and make solid preparations for introduction of deposit insurance system and organization for implementation of the system.

Interest rate liberalization is one of the key reforms in the financial sector. In May this year, the Central Bank adjusted the ceiling of the floating band of deposit interest rate in financial institutions from 1.3 times the benchmark rate to 1.5 times, and the timing for full liberalization of deposit rate is basically ripe.

The report predicts that China's economic growth in the next period is still facing some difficulties, but will remain in a reasonable range despite of increasing downward pressure; employment will remain generally stable, resident income will continue to increase, CPI is expected to remain fluctuation at lower level, implementation of prudent monetary policy will continue, and currency credit and

social financing scale will achieve reasonable growth. In 2015, China will maintain a 7% or so economic growth and M2 growth is likely to be around 12%.

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

China adjusts personal imports tariffs to spur consumption

The Ministry of Finance on 25 May announced adjustments on the tariffs levied on the import of personal items to stimulate domestic consumption.

Starting from June 1, import tariffs on suits and sneakers will be trimmed from 14-23 percent to 7-10 percent, and 22-24 percent to 12 percent, respectively, the ministry said in a statement. According to the adjusted policy, import tariffs on cosmetics and diapers will be cut from 5 percent to 2 percent, and 7.5 percent to 2 percent, respectively.

The adjustments are an important step to stabilize economic growth through benefiting imports, promoting domestic consumption and spurring industrial upgrade, said the ministry. Economic growth slowed to 7 percent in the first quarter this year, down from 7.3 percent the previous quarter, and retail sales in April grew 10 percent from a year ago, slightly lower than the 10.2 percent posted in March, indicating more easing measures may be needed to prop up growth.

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

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