

**Regulatory
Developments**

Matters Related to Foreign Institutional Investors' Investing in Inter-bank Bond Market

In order to further promote the opening up of inter-bank bond market, and facilitate foreign institutional investors to invest in the inter-bank bond market, the People's Bank of China (PBC) issued the PBC Announcement No. 3 [2016] to introduce more qualified foreign institutional investors, and cancel the restraint on investment quota, so as to streamline the management process.

Recently, the State Administration of Foreign Exchange (SAFE) issued the Notice on Foreign Exchange Management Related to Foreign Institutional Investors' Investing in Inter-bank Bond Market. PBC Shanghai Office launched enforcement regulations on record management, and intermediaries published related operation guidelines. Relevant officer of PBC made a brief explanation on the Announcement and related regulations, such as the overall background and limitation of investment quota.

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

Statistics

The People's Bank of China injected around 400 billion RMB worth of liquidity in May through SLF, MLF and other tools

The People's Bank of China (PBC) released a total of 399.37 billion RMB worth of liquidity in May through Standing Lending Facility (SLF), Medium Term Lending Facility (MLF) and SPL. In order to meet temporary liquidity needs of financial institutions, the central bank extended a total of 570 million RMB to financial institutions in May via SLF, all on an overnight term and an interest rate of 2.75%. According to the PBC, the SLF interest rate plays an important role as the upper bound of the interest rate corridor, which is conducive to safeguarding the smooth operation of the money market rate. Outstanding SLF stood at 400 million RMB at the end of May. PBC emphasizes to guide financial institutions to increase supports for key areas and weak links in the national economy, such as small and micro enterprises and "agriculture, farmer and rural area" while providing MLF.

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

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