中国银行间市场交易商协会
National Association of Financial Market Institutional Investors

NAFMII WEEKLY UPDATE 1 December – 5 December, 2014

NAFMII Related

NAFMII’s Standards for the Underwriting Service of Non-financial Enterprises Debt Financing Instruments Approved to Release

On November 24, 2014, the Standards for Underwriting Service of Non-financial Enterprises Debt Financing Instruments (hereinafter referred to as the "Standards for Underwriting Service"), drafted together by NAFMII and its members, was officially promulgated by the People's Bank of China after gaining approval from the China Financial Standardization Technical Committee (hereinafter referred to as the "CFSTC"). This marks the first self-regulatory rules rooted from the market has become a nationwide industry standard.

The Standards for Underwriting Service is composed of five parts including scope, terms and definitions, working content and requirements of underwriting service, internal control, and professional ethics. By standardizing working content, service management, and professional practice, the Standards aims to further improve the level of service standards, maintain market order, in a bid to enhance market efficiency and reduce market risk. Next, NAFMII will strengthen publicity, promotion and implementation of the Standards for Underwriting Service based on previous relevant work and by adapting to the needs of market development.

NAFMII News (Currently Only Available in Chinese)

Regulatory Developments

Weekly Market Summary of Shanghai-Hong Kong Stock Connect Scheme

Since the official launch of Shanghai-Hong Kong Stock Connect on November 17, eligible stocks included in the scheme have been traded in a smooth and orderly manner. Every step of the operation chain, including transaction settlement, quota control, and foreign exchange, runs normally and has achieved expected goals.

In terms of trading, as of November 21, total trading volume reached RMB 29.101 billion under the Shanghai-Hong Kong Stock Connect program. For Shanghai-listed shares, there were 509,485 trades with total trading volume amounted to RMB 25.231 billion, and net buy trade volume reached RMB 23.64 billion. For Hong Kong-listed shares, 95,379 trades were concluded with total trading volume amounted to RMB 3.87 billion, and net buy trade volume reached RMB 2.928 billion (calculated with the central parity rate published by the People's Bank of China).

Let's take November 19 as an example. Total trading volume of the stock connect scheme was 496 million HK dollars on that day, with buy and sell trade volume amounted to 381 million HK dollars and 115 million HK dollars respectively; trades eligible for "net conversion" totaled 266 million HK dollars, accounting for 53.63% of total trading volume. In another word, investors, instead of converting all of their money, only need to convert a part of it, which can save currency conversion costs. On that day, actual settlement exchange rate of selling Hong Kong-listed stocks (i.e. buying settlement exchange rate) was 0.78873, actual settlement exchange rate of buying Hong Kong-listed stocks (i.e. selling settlement exchange rate) was 0.78927. At the same time, bid and ask rates offered at onshore bank counters were 0.7877 and 0.7907 respectively, and bid and ask rates offered at offshore bank counters were 0.7852 and 0.7928 respectively. From these figures, we could see that buying settlement exchange rate was 0.1% and 0.4% less than the ones offered at onshore and offshore bank counters respectively, selling settlement exchange rate was 0.2% and 0.4% less than the ones offered at onshore and offshore bank counters respectively. As such, early media reports on investors buy and sell Hong Kong-listed stocks have suffered currency conversion losses due to big difference in the reference exchange rate offered by the stock connect program, was not conformed with the actual situation.

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