



Regulatory Developments

Central bank officially launches large-denomination certificates of deposit (CDs)

In order to regulate the business development of large-denomination certificates of deposit (CDs), broaden market-driven pricing range of liability products in deposit-taking financial institutions, and systematically advance interest rate liberalization reform, the People's Bank of China (PBC) has formulated the "Interim Measures for the Administration of Large-denomination Certificates of Deposit (Measures)", effective as of the date of promulgation, announced by PBC on June 2, 2015.

The release of the Measures means that the central bank has officially launched large-denomination certificates of deposit. Financial institutions, such as commercial banks, policy banks and rural cooperatives, may issue book-entry large-denomination certificates of deposit to non-financial institutional investors. Large-denomination certificates of deposit are divided into two kinds of CDs, namely fixed rate CDs and floating rate CDs. The interest of fixed-rate CDs is denominated in the form of annual coupon rate, while the interest of floating rate CDs will base on the floating benchmark rate of the Shanghai interbank offered rate. The minimum subscription size for individuals is 300,000 yuan(\$48,400).while for companies is million yuan. According to the Regulations of Deposit Insurance, as a general deposit, the CDs will be covered by the deposit insurance program.

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

China's central bank to publish monthly PSL data

The People's Bank of China (PBC) on 2 June announced that it will publish monthly pledged supplementary lending (PSL) data starting from June, a move to improve monetary policy transparency.

The PSL program, initiated in 2014, is designed to help the central bank better target longer-term lending rates and boost liquidity to specific sectors by offering low-cost loans to select lenders.

In the first five months of this year, it provided PSL of 262.8 billion yuan (42.9 billion U.S. dollars) to financial institutions to fund residential renovation projects, the PBOC said in a statement.

It provided PSL of 383.1 billion yuan to select financial institutions last year and outstanding PSL had reached 645.9 billion yuan by the end of May, it noted.

The interest rate of PSL was reduced to 3.1 percent from 4.5 percent, the latest effort to support renovation projects in China and lower investment costs, said the central bank.

The PBC has managed to bring down short-term interbank lending rates with a series of open market operations, but longer-term borrowing costs remained high in China. Companies will take a hit from continued economic weakness and high financing costs.

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

China, Germany set up joint venture to build offshore Renminbi trading platform
Deutsche Boerse(DTB) announced on June 2 to agreed on a strategic cooperation with the Shanghai Stock Exchange (SSE) and China Financial Futures Exchange (CFFEX),which is to launch a joint venture in Frankfurt. This is a pioneering try in Europe ,and will breathe new life into Sino-German economic and trade relations, facilitate RMB's internationalization and consolidate Frankfurt's position as an international financial center.

Envisaged and proposed by the SSE and DTB two years ago, the partnership was confirmed at the first Sino-German High-level Financial Dialogue on March 19 this year and was written into the joint statement after the meeting. The joint venture will be named the "China Europe International Exchange". DTB and the SSE will each own 40percent and the CFFEX will own remaining 20 percent share of the venture. The new company will be incorporated in Frankfurt, Germany and is scheduled to be put into operation in the fourth quarter of this year.

Through this new joint venture company, Europe investors can invest in China's Exchange-traded Funds (ETF) more easily in the future. According to the agreement, the SSE and the CFFEX will sell fund licenses to international financial institutions, such as asset managers. Based upon main stock indices in China, these funds are denominated in RMB but designed in accordance with German and European standards, and can be traded in the European exchanges.

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

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