

**Regulatory  
Developments**

### **New Progress in China-Korea Financial Cooperation**

Recently, new progress has been made in China-Korea financial cooperation. First, both sides reached an agreement on direct trading between the KRW and the RMB in the China Foreign Exchange Trade System (CFETS) in the near future. Second, in order to develop bond market in both countries and promote RMB internationalization, the Chinese side welcomes and supports Korea to issue RMB sovereign bonds in the Chinese interbank bond market. In addition, the Korean side would facilitate the RMB bond market in Korea and the Chinese side would support Chinese entities to issue bonds in Korea. Third, the Chinese side decided to increase the RQFII quota for Korea from 80 billion yuan to 120 billion yuan. Fourth, both sides agreed to facilitate a linkage mechanism between the bilateral bond market infrastructures, basically between the depository and settlement institutions, with proper risk management.

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

### **PBC: Shanghai pilot FTZ to lead in RMB convertibility under capital account**

With the approval of the State Council, the People's Bank of China (PBC), Ministry of Commerce, China Banking Regulatory Commission, China Securities Regulatory Commission, China Insurance Regulatory Commission, State Administration of Foreign Exchange and Shanghai Municipal Government jointly issued the “Scheme on Further Promoting the Trial Implementation of Financial Opening Innovation in China (Shanghai) Pilot Free Trade Zone and Accelerating the Construction of Shanghai International Financial Center” on October 30. The Scheme pointed out that the pilot FTZ will carry out the convertibility of RMB under capital account and take pilot measures on the principle of overall planning, serving the real economy, controllable risk and step-by-step implementation, and press ahead with making the RMB convertible under capital accounts.

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

### **Notice of the General Administration Department of the People's Bank of China on Issues Concerning Foreign Central Banks and Similar Institutions Opening RMB Settlement Accounts with Onshore Banking Financial Institutions**

With a view to meeting the needs of foreign central banks, monetary authorities, other official sector reserve management institutions, international financial institutions and sovereign wealth funds (hereinafter referred to as foreign central banks and similar institutions) arising from their onshore business activities. Onshore banking financial institutions can open special depository accounts for foreign central banks and similar institutions to process funds transactions related to bilateral currency swap operations with the PBC, investment in China inter-bank bond market, daily funds management and other normal banking activities unless otherwise forbidden by laws and regulations. Cash withdrawal is generally not allowed unless there is indeed such a need and prior permission is obtained from the PBC.

[PBC News](#) (Currently Available in English)

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