

**Regulatory  
Developments**

**China uses Korean Won for the first time under China-South Korea Bilateral  
Currency Swap Agreement**

On May 30, 2014, the People's Bank of China (PBC) used 400 million Korean Won (about RMB 2.4 million) under China-South Korea currency swap agreement to support enterprises' trade financing, the first time for PBC to use counterparty's currency under a bilateral currency swap agreement. Such process goes as followed: PBC lent Korean Won to commercial banks, commercial banks then granted loans to enterprises for trade financing, so as to pay for goods and services imported from South Korea.

Since 2009, PBC has successively signed multiple bilateral currency swap agreements with 23 foreign monetary authorities, worth a total of more than RMB 2.5 trillion. Different from the developed economies who sign such currency swap agreements mainly to cope with crisis; PBC signs currency swap agreements with foreign monetary authorities not only to maintain regional financial stability, but also to promote bilateral trade and investment.

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

**PBC announces financial market operation of April 2014**

Recently, the people's Bank of China (PBC) announced **financial market operation of April 2014**. In the first 4 months of 2014, the operation of the financial market was generally smooth and steady. Compared with March, the issue volume in bond market increased; transaction volume in the money market increased and interest rate in money market first decreased and then increased; average daily turnover of spot bond trading increased; interbank bond index and stock exchange Treasury bond index increased slightly; the Shanghai Composite Index dropped and its average daily turnover decreased.

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**CSRC will take regulatory measures against institutions and individuals that violate  
regulations during IPO and underwriting**

On May 23, CSRC circulated inspection results and decisions concerning IPO and IPO underwriting, deciding to take corresponding regulatory measures against institutions and individuals that violate relevant regulations. Deng Ge, spokesperson

of CSRC introduced, in order to implement the opinions and spirit of IPO system reform, and strengthen supervision over the process and behavior during IPO, CSRC organized an inspection over IPO and IPO underwriting processes at the beginning of the year. The inspection revealed that the violation of fairness and justice exist during six IPOs and underwriting projects of Wolwo Biotech, Nader, Sunrise Meter, Tianbao Heavy Industry, Ciming Checkup and Tinci Materials. Their behaviors included placing shares without prior disclosure, placing shares to related parties that are not allowed to get such shares, interfering with investor quotation, and providing investors with issuer information beyond prospectus and etc, involving 4 securities companies, 2 distributors and 6 individuals.

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