

**Regulatory
Developments**

Directional RMB deposit reserve ratio (RRR) cut to boost credit support for “Agriculture, Countryside and Farmers” as well as small and micro enterprises

In order to implement the spirit of the 49th executive meeting of the State Council, further strengthen the support targeted at “Agriculture, Countryside and Farmers” as well as small and micro enterprises, and enhance the ability of financial services to support real economy, the People's Bank of China (PBC) decided to lower the RMB deposit reserve ratio by 0.5 percentage points as of June 16, 2014 for some commercial banks who meet the requirements of prudent operation and whose loans to “Agriculture, Countryside and Farmers” as well as small micro-enterprise reach a certain proportion (excluding financial institutions whose reserve ratio was already lowered on April 25, 2014). Loans to “Agriculture, Countryside and Farmers” as well as micro and small enterprises up to a certain proportion means: incremental agriculture-related loans account for over 50% of new loans in the year and the balance of agriculture-related loans account for over 30% of the total loan balance at year end in the previous year; alternatively, incremental loans to small and micro enterprises account for over 50% of new loans in the year, and the loan balance to small and micro enterprises account for over 30% of the total loan balance at year end in the previous year. According to this standard, this round of directional RRR cut shall cover about 2/3 of the city commercial banks, 80% of non-county rural commercial banks and 90% of non-county cooperative and rural banks.

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Instructions of PBC on implementing the "Several Opinions of the General Office of the State Council on Supporting Stable Growth of Foreign Trade"

To implement the “State Council General Office’s Several Opinions on Supporting Stable Growth of Foreign Trade” (No. 19 doc of the State Council, 2014)”, People's Bank of China (PBC) made the following instructions:

First is to further broaden financing channels for enterprises, that is to encourage banking financial institutions to actively innovate financial products and services, further expand the export credit insurance policy financing, make flexible use of working capital loans, import and export credit loans, factoring, bills discount, documentary bills loans, external guarantees, etc., strengthen credit support for import and export enterprises with orders and cost-effective and foreign trade companies offering integrated services, as well as boost export of small and micro

enterprises. Second is to give full play to the role of policy financial support for foreign trade. Third is to promote positive development of financial leasing. Fourth is to simplify the clearing process for RMB cross-border trade and investment. Fifth is to carry out centralized cross-border RMB settlement. Sixth is to carry out RMB cross-border trade settlement for individuals. Seventh is to support the collaboration between banking financial institutions and payment institutions in carrying out RMB cross-border settlement. Eighth is to promote credit system construction of foreign trade enterprises. Ninth is to further improve the RMB exchange rate formation mechanism. Tenth is to enrich exchange rate hedging instruments. Eleventh is to provide a full range of financial services for enterprises "Going Global".

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CSRC amends 9 normative documents including the Guidelines Listed Companies' Articles of Association

To implement the "Guidelines of the State Council on Launching Preferred Shares Pilot" (No. 46 doc of the State Council, 2013), "Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Small Investors in the Capital Market" (No. 110 doc of the State Council, 2013), as well as Pilot Administrative Measures for Preferred Shares issued by CSRC, to guide and standardize innovations of listed companies based upon the preference share system and earnestly safeguard the legitimate rights and interests of small investors, CSRC recently made amendments to 9 normative documents and their supporting documents. The documents include "Guidelines for the Articles of Association of Listed Companies (revised in 2006)" (AOA Guidelines),"Rules of the General Assemblies of shareholders of Listed Companies" ("the Assembly Rules"), "Rules (No. 2) on Content and Format of Information Disclosure by Companies Publicly Issuing Securities - Content and Format of Annual Report (Revised in 2012)" ("Annual Report Guidelines") , "Rules (No. 3) on Content and Format of Information Disclosure by Companies Publicly Issuing Securities - Content and Format of Semi-annual Report (Revised in 2013)" ("Semi-annual Report Guidelines"), "Rules (No. 13) on Content and Format of Information Disclosure by Companies Publicly Issuing Securities - Content and Format of Quarterly Report (Revised in 2013)" ("Quarterly Report Guidelines"), "Rules (No. 15) on Content and Format of Information Disclosure by Companies Publicly Issuing Securities - Content and Format of Equity Change Report" ("Equity Change Report"), "Rules (No. 16) on Content and Format of Information Disclosure by Companies Publicly Issuing Securities - Content and Format of Merger and Acquisition Report of Listed Companies" ("M&A Report"), "Rules (No. 17) on Content and Format of Information Disclosure by Companies Publicly Issuing Securities - Content and Format of Tender Offer Report" ("Tender Offer Report"), and Rules (No. 26) on Content and Format of Information Disclosure by Companies Publicly Issuing Securities - the Application Documents of Significant Asset Restructuring of Listed Companies" ("Asset Restructuring Documents").

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