

NAFMII Related

China's first green "bond-loan-fund" note registered at NAFMII

Wuhan Metro's second mid-term note in 2016 was successfully registered at NAFMII lately as the first green "bond-loan-fund" note in China. Both the mid-term note and its issuer are rated AAA. Underwritten by China Development Bank (CDB), the note combines the funds of CDB Development Fund or CDB Capital, CDB's medium- and long-term loan and bonds for which CDB is the lead underwriter. RMB3.5 billion was registered and RMB2 billion was issued this time, and all the raised capital will be used to build rail transit facilities in Wuhan and pay back bank loans. Green "bond-loan-fund" note is a new model that combines green debt financing instrument with the "bond-loan-fund" portfolio to provide capital support for green projects.

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

Macro & Financial

Chinese Renminbi Officially Included in the SDR

Market News

The International Monetary Fund (IMF) announced on September 30, 2016, that the new Special Drawing Right (SDR) basket including the Chinese Renminbi (RMB) would become effective on October 1. Ms. Christine Lagarde, Managing Director of the IMF, issued a statement and said that the inclusion of the RMB in the SDR basket reflects the increased role of the RMB in the international monetary system and will bring about a more robust international monetary and financial system. The People's Bank of China welcomes the official inclusion of the RMB into the SDR basket and the statement issued by the Managing Director.

The new SDR basket includes the U.S. dollar, the Euro, the Chinese yuan, the Japanese yen and the Pound sterling. The weights of each currency are 41.73 percent for the U.S. dollar, 30.93 percent for the Euro, 10.92 percent for the RMB, 8.33 percent for the Japanese yen and 8.09 percent for the Pound sterling. The respective currency amounts of the five currencies are 0.58252, 0.38671, 1.0174, 11.900 and 0.085946.

The inclusion of the RMB into the SDR basket is a milestone of the RMB internationalization and an acknowledgement of the progress in China's economic development, reform and opening-up. It will help increase the representativeness, stability and attractiveness of the SDR and improve the international monetary system. China will take this opportunity to further deepen financial reforms, to

expand financial opening-up, and to contribute to global growth, financial stability and better global economic governance.

[Attachment](#): Links to IMF press release and Managing Director's statement.

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

Regulatory Developments

China Banking Regulatory Commission (CBRC) issues guidance on comprehensive risk management for financial institutions in banking system

To improve risk management of financial institutions in banking system and guide them to better serve the real economy, CBRC recently released the Guidebook on Comprehensive Risk Management of Financial Institutions in Banking. Comprised of 54 articles in eight sections, the Guidebook includes general provisions, risk governance architecture, risk management strategy, risk preference and limits, risk management policies and procedures, management information system and data quality, internal control and auditing, supervision and appendixes. It stresses that financial institutions in banking should establish and improve the comprehensive risk management system and tighten external supervision on the principle of compatibility, full coverage, independence and validity.

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

Statistics

RMB exchange rate index remained generally stable in September 2016 Guest Commentator of CFETS, October 10, 2016

On September 30, 2016, CFETS RMB exchange rate index closed at 94.07, losing 0.28% from the end of August; RMB exchange rate indices based on BIS currency basket and SDR currency basket closed at 94.75 and 95.05 respectively, losing 0.31% and 0.06% from the end of August. In general, three RMB exchange rate indices have all maintained steady trend since August. They fluctuated in both directions during September, but their volatility was relatively small. In September, the annualized volatility of the CFETS RMB exchange rate index was 2.62%, not only lower than that of August but also lower than that of the USD/RMB central parity, which was 3.26%.

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

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