

**Regulatory
Developments**

CBRC Issues “Guidelines on Risk Prevention & Control in the Banking Industry”

The Guidelines specifies the objective and principle of risk prevention & control in the banking industry. Financial institutions in banking industry should implement the requirements of the Central Economic Working Conference, observe the basic principle of adhering to the firmly holding the bottom-line, implementing the policy by categories, making advancement in steady paces, and resolving both current problems and eliminating the root causes, attach more importance to prevention and control of financial risks, practically and effectively resolve current outstanding risks, and strictly guard against any systematic risk.

The Guidelines specifies the key areas for risk prevention and control in the banking industry, which cover the major risk categories in the banking industry. These key areas include traditional sectors such as credit, liquidity, real estate and local government debt default risks, as well as non-traditional sectors such as bond volatility, cross financial products, Internet finance and external impact risks.

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

CBRC Issues “The Notice on Practically Making up Regulatory Flaws and Improving Regulatory Efficacy”

The Notice specifies the guidelines for regulatory organizations and CBRC offices to focus on key regulatory points, improve regulatory method, and strengthen supervision.

First, it requires optimization of the regulatory system, which is to offset regulatory flaws as soon as possible according to the severity and urgency of the risks.

Second, it requires strengthening of shareholder management, which is to formulate unified shareholder management rules to restrict shareholder admittance and their behaviors.

Third, it requires enhancing the validity of off-site supervision and on-site inspection, which is to strengthen the supervision of credit, market and liquidity risks as part of daily supervision efforts, and take effective regulatory measures for inter-bank business and wealth management business.

Fourth, it requires reinforcing regulatory penalty. Specifically, it requires normalizing

the working mechanism of regulatory penalty, increase the severity regulatory penalty, and improve the transparency of regulatory penalty.

Fifth, it requires reinforcing efforts for supervision on the regulatory behaviors. To be specific, it requires reinforcing supervision on the behaviors of regulatory personnel, and investigate intentional or negligent malpractice.

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

CIRC Issues the “Notice on Related Affairs for Enhancing Information Disclosure by Mutual Insurance Institutions”

The Notice mainly reflects the following principles:

1. Reflecting problem orientation. In light of the relatively low transparency of international mutual insurance governance, it clearly requires disclosing the key information related to the governance and operation, and further enlarge the scope of information disclosure on executive level.
2. Reflecting high standard and strict requirement. The mutual insurance institutions should be positioned as public companies, and their information disclosure should refer to standards for public companies.
3. Reflecting the characteristics of mutual insurance. Since the policy holder of a mutual insurance institution is also the owner, a mutual insurance institution should disclose the governance information and material events of the organization, as well as the operation and management situation and surplus distribution scheme, so as to fully maintain the dual rights and interests of the members as a consumer and an owner.
4. Reflecting connection with the existing system. It focuses on optimizing the part that is not applicable in the existing regulation without making repetitive stipulations on the applicable part.

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