



Regulatory  
Developments

**CSRC issues *Regulations on Risk Regulation Indicators for Futures Companies* and related documents**

The *Regulations on Risk Regulation Indicators for Futures Companies* that's currently in force was issued in April 2007 and revised in February 2013. On October 28, 2016, the CSRC solicited public opinions regarding the *Regulations* and related documents. In consideration for industrial adaptability and the market's bearing capacity, and to ensure the smooth implementation of the *Regulations* and the related documents, a transition period will be granted and the revised documents will come into force on October 1, 2017.

The revisions mainly concern the following four aspects: (1) The minimal net capital standard is raised to RMB30 million to further prevent settlement risks; (2) the ratio of assets adjustment is further detailed according to liquidity, recoverability and degree of risks to make the calculation of net capital more scientific; (3) the scope and standard of risk capital provision for assets management business is adjusted to cover the risks more comprehensively; (4) regulatory requirements on futures companies are stepped up to tighten the regulation.

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Macro & Financial

Market News

**Convertible bond market to expand**

The securities market is under tighter regulation recently. With the release of new rules on refinancing, many listed companies have found their refinancing plan stranded. Statistics show that since the new refinancing rules were implemented in February, the amount of refinancing in the A-share market has reduced by about 60% and the scale of refinancing down by over 70%. Many enterprises have turned their eyes to convertible bonds.

Convertible bond is a special bond that has the attributes of both bonds and convertible options. Regarding the former, it's like other regular credit bonds and has fixed face value, rating and corresponding yield rate. Convertible bond has a history of more than 20 years in China, but the scale of this market has remained small despite continuous growth and improvement.

According to statistics, twenty eight listed companies have announced their plans for convertible bond issuance since the new refinancing rules were released, and analyst estimated that the potential scale of convertible bond issuance is about

RMB165 billion. Xu Peng, a researcher at China Fortune Securities, said in his study report that the release of the new refinancing rules has drawn more investor attention to the convertible bond market, and it is about to expand in scale.

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

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