

### **CIRC releases “Notice on Regulating the Inter-bank Business of Financial Institutions”**

China Insurance Regulatory Commission (CIRC) recently released the “Notice on Regulating the Inter-bank Business of Financial Institutions”. The main purpose of the Notice is to further regulate inter-bank business operation of financial institutions, effectively prevent and control risks, and guide more capital flow to the real economy. Inter-bank business said in the Notice include various types of business between financial institutions established by law and within the People's Republic of China, with investment and financing as the core. Main business types include inter-bank financing and investment business such as inter-bank lending, inter-bank deposits, inter-bank loans, refinance, resale (repurchase) and etc.

<http://www.circ.gov.cn/web/site0/tab5168/info3915876.htm>

### **CBRC solicit public comments on “Internal Control Guidelines for Commercial Banks (Revised Draft for Comments)”**

“Internal Control Guidelines for Commercial Banks (Revised Draft for Comments)” is divided into seven chapters with fifty-two articles. Aside from adding requirements on internal control evaluation, the newly revised “Guidelines” also raises internal control and supervision requirements in separate sections from both internal and external aspects, emphasizing internal and external oversight together so as to propel commercial banks to strengthen internal control and establish long-term mechanism. Meanwhile it adds penalties for violation of the provisions as well as increases regulatory penalties to enhance regulatory constraints.

<http://bank.hexun.com/2014-05-21/164971345.html>

### **10 provinces including Shanghai, Zhejiang and Guangdong are granted green light for self-issue and self-repay government bonds**

Ministry of Finance (MOF) recently announced Shanghai, Zhejiang, Guangdong, Shenzhen, Jiangsu, Shandong, Beijing, Qingdao, Ningxia and Jiangxi as pilot provinces for self-issue and self-repay government bond. Meanwhile, MOF also promulgated the “Pilot Measures for Self-issue and Self-repay Local Government Bonds (2014)”, effective as of the date of promulgation.

Self-issue and self-repay is a mechanism whereas pilot provinces organize the issuance of their local government bonds within the issue size limits approved by the State Council, and self-pay interest and repay principal. Pilot provinces manage their government bond issuance by annual issue size limits. The total issue size in one year cannot exceed the issue size limits approved by the State Council for that year. 2014 quota is only valid for the year of 2014 and shall not be carried forward to the next year.

<http://www.yicai.com/news/2014/05/3839527.html>