



Regulatory

Developments

PBC to adjust foreign exchange risk reserve ratio for forward sale of foreign exchange to 20%

In 2018, the foreign exchange market is stable in general, RMB exchange rate saw a mixture of depreciation and appreciation with obviously enhanced flexibility based on market demand, market expectation is basically stable, and cross-border capital flow and foreign exchange demand/supply is balanced in general. Due to trade frictions and changes in the international foreign exchange market, the foreign exchange market has seen some pro-cyclical fluctuations recently. To prevent macro financial risks, promote financial institutions' sound operation and strengthen macroprudential management, PBC decided to raise the foreign exchange risk reserve ratio for forward sale of foreign exchange from zero to 20% as of August 6, 2018.

Setting the risk reserve ratio for forward sale of foreign exchange doesn't limit the scale of enterprises' foreign exchange forward, options and swap transactions, or require approval on a case-by-case basis, or prohibit enterprises from engaging in such transactions. Obviously it's neither a move of capital regulation nor an administrative measure, but part of the macroprudential policy framework.

[\(PBC News\)](#) (Currently Available in Chinese)

CSRC solicits public opinions on *Regulations on Information Disclosure for Publicly Offered Securities Investment Fund* and related rules

CSRC recently solicited public opinions on the Regulations on Information Disclosure for Publicly Offered Securities Investment Fund and related rules. The revision follows the following principles: (1) It is aimed to improve the quality of information disclosure, improve information disclosure method, and emphasize the conciseness and accessibility of the information. Following the wider application of Internet technology, the revision streamlined the contents disclosed in paper and introduced the product profile system to facilitate investors to quickly obtain key and valid information. (2) Focused on the protection of investors' interests, the revision intensifies the risk revelation of complicated and high-risk funds, standardizes fund names, and specifies the disclosure of key information

such as major related party transactions. (3) On the principle of law-based, comprehensive and rigorous regulation, the revision made it clear that the information disclosure party should make sure that the interests of fund shareholders be the fundamental starting point of its disclosure. It also intensified the administrative accountability system of various information disclosure violations and raised the cost for such violations.

[\(CSRC News\)](#) (Currently Available in Chinese)

Disclaimer: NAFMII does not guarantee the accuracy of the information contained in the newsletter. Materials and data provided here are intended for general informational purposes only, and are not intended to provide specific investing, tax, business or legal advice to any individual or entity. Certain contents of this newsletter are copyrighted by NAFMII. You agree that information provided on this newsletter will be used solely for your own personal, noncommercial use and benefit, and this information is not to be distributed, sold, transferred or otherwise made available to third parties. You may not copy, recompile or create derivative works from the information provided on this newsletter. Readers are urged to consult with their own advisors before taking action based on any information appearing on this newsletter.