

**Regulatory
Developments**

PBC provides sufficient re-lending for CSF

According to the People's Bank of China (PBC), it will actively assist China Securities Finance Corporation Limited (CSF) to obtain sufficient liquidity through various means, such as inter-bank borrowing, issuing of financial bonds, mortgage financing, and re-lending, so as to support the stable development of the stock market. On July 9, the Central Bank offered adequate re-lending to CSF based on its needs. Meanwhile, CSF was also permitted to issue financial bonds, such as short-term financing bonds, in the inter-bank bond market. Industry experts say that the diversified financing channels will help CSF maintain ample liquidity and thereby play an important role in maintaining market stability. ([PBC](#))

PBC releases 2014 China Regional Financial Performance Report

On July 3, the People's Bank of China (PBC) released the 2014 China Regional Financial Performance Report. The report shows that in 2014 loan growth in all regions remained steady and credit structures continued to optimize. As the policy measures were put in place and implemented, corporate lending rates declined slightly, market interest rates dropped significantly and the cost of the overall social financing went down. ([PBC](#))

CIRC uplifts the regulatory ratio on insurance fund investing in blue chip stocks

On July 8, in order to optimize the allocation structure of the insurance fund and promote long-term, stable and healthy development of the capital market, China Insurance Regulatory Commission (CIRC) issued the "Notice on Relevant Matters Concerning the Increasing of the Regulatory Ratio on Insurance Fund Investing in Blue-chip Stocks" (Notice). The Notice uplifted the regulatory ratio on insurance fund investing in blue-chip stocks. For qualified insurance companies, the cap for any single blue chip stock investment was adjusted from 5% of their total assets at the end of the previous quarter to 10%; insurance companies, whose equity assets already reached the upper limit of 30%, can further increase holdings of blue chip stocks, as long as the total equity assets after increasing shares are no more than 40% of total assets at the end of the previous quarter. Meanwhile, the Notice also modestly increased the proportion of assets approved for insurance funds'

investment in blue chip stocks. [\(CIRC\)](#)

CPI in June rises by 1.4% year on year

Data released on Thursday by National Bureau of Statistics (NBS) shows that CPI in June rose 1.4% year on year, which was higher than expected, but stayed in the 1 percent range for 10 consecutive months. Producer Price Index (PPI) in June fell by 4.8% year on year, which was higher than the decrease in May (4.6%) and the market expectation. This is the 40th consecutive month for the PPI index to stay in the negative growth zone. PPI in June was down by 0.4% month on month. PPI in May was down only by 0.1% month on month. Since last November, the Chinese central bank has cut interest rates three times and lowered Reserve Ratio Requirements (RRR) twice, to help boost economic growth. [\(MEDIA NEWS\)](#)

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