

Macro & Financial

Ministry of Finance of China to issue USD2 billion sovereign bonds in Hong Kong

Market News

With the approval of the State Council, the Ministry of Finance will issue USD2 billion worth of sovereign bonds in Hong Kong, including USD1 billion five-year bonds and USD1 billion 10-year bonds. The specific issue date will be announced before the issuance, and the bonds will be traded at the HKEX.

[MOF News](#)(Currently Available in Chinese)

Decision of the People's Bank of China on Targeted RRR Cuts for Inclusive Finance

According to the arrangement of the State Council, in order to support the development of inclusive finance business by financial institutions, and to guide them to focus on loans for small and micro enterprises with the credit line for a single client below RMB 5 million, operating loans to businesses started by self-employed individuals and operating loans to micro and small enterprise owners, loans to farmer households to support farming activities, guaranteed loans to new businesses , loans to those registered in the poverty document, student loans, and other loans, the People's Bank of China has decided to reduce RRR for commercial banks with the new loans or outstanding balance in the above categories reaching a certain proportion in new loan or outstanding loan balance. As long as the proportion of the outstanding balance or new loans in the above categories of a commercial bank has reached 1.5% in the total outstanding balance of loans or new loans in the previous year, their required reserve ratio will be cut by 0.5 percentage point from the applicable required reserve ratio formulated by the People's Bank of China. For those commercial banks whose outstanding balance or new loans in the above categories has reached 10% in the total outstanding balance or new loans in the previous year, their required reserve ratio shall be cut by an additional 1 percentage point after the above cut. These measures shall be implemented starting from 2018.

[PBC News](#)(Currently Available in English)

China's forex market launches PVP business

With the approval of the People's Bank of China (PBC), China Foreign Exchange Trading System launched the RMB-Rouble PVP business based on its High-Value Payment System. This marks the official establishment of PVP mechanism between RMB and foreign currencies, as well as a new progress in the construction of infrastructures in China's foreign exchange market.

PVP (Payment Versus Payment) is a delivery arrangement for forex trading, whereby the transaction of two currencies involved is completed simultaneously. The establishment of the PVP mechanism is of great importance for removing delivery risks of principal, preventing the risks of time differences resulting from different time zones, and improving the operating efficiency of the foreign exchange market.

[STCN News](#)(Currently Available in Chinese)

Regulatory

CSRC issues *Regulations on Liquidity Risk Management for the Public Offering of Open-end Securities Investment Fund*

Developments

On September 1, CSRC issued the Regulations on Liquidity Risk Management for the Public Offering of Open-end Securities Investment Fund (the New Regulations), effective as of October 1, 2017. The New Regulations set rules in a number of aspects, including internal control, product design, investment and transaction, subscription and redemption management, and information disclosure, and set specific rules on monetary fund. Compared with the previous version released in March, changes in the New Regulations are focused on monetary fund, and the rumored new rules about monetary fund are basically reflected in the New Regulations. Since monetary fund has grown into a main part (58%) of the fund market, preventing systemic risks has become the priority for regulatory authorities given its fast expansion of scale.

[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.