

Regulatory

Developments

1. Intensifying unified credit rating management, promoting bond market connectivity

To intensify unified regulation of the credit rating industry and promote bond connectivity, PBC and CSRC jointly issued the No.14 Notice of 2018.

The Notice sets down rules in the following aspects: gradually unifying the rating qualifications in the interbank bond market and exchange bond market, strengthening regulation on credit rating agencies and sharing of regulatory information, pushing credit rating agencies to improve internal systems, unifying rating standards, and raising rating quality.

The Notice specifies that PBC, CSRC and NAFMII will jointly straighten out the approval or registration procedures for qualifications of bond rating agencies. For rating agencies that already carry out rating business in the interbank or exchange bond markets, a green channel will be created to realize mutual recognition of rating qualifications. The Notice points out that PBC, CSRC and relevant branches and self-disciplinary organizations have the right to supervise, examine and conduct self-regulatory inspection of credit rating agencies either on site or not on site, and carry out joint inspection of such agencies when necessary. Those that break the laws, rules, regulations and self-disciplinary rules will be subject to administrative or self-disciplinary penalty according to law. A sound information sharing mechanism of rating regulation and self-regulation will be established, and investor-oriented market-based evaluation of credit rating agencies will be carried out step by step. The Notice also sets specific provisions on credit rating agencies, urging them to optimize their governance mechanism, internal control and business system, prevent conflict of interests, unify rating standards and ensure rating quality.

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

NAFMII holds 2018 CRM symposium

To fully understand the operation of CRM (credit risk mitigation) market and guide market players to use CRM products to actively manage credit risks, NAFMII held the 2018 CRM symposium on August 31, at which 17 CRM institutions including ICBC exchanged their business experience. They agreed that market players have accumulated experience through CRM practice and made multiple useful explorations in the integrated development of CRM market and bond market. The attendees had in-depth exchange of views on the specific models for using CRM

to mitigate credit risk, promoting bond credit enhancement, and improving credit management, and shared their practical experience in product design, investor cultivation and internal mechanism establishment. They also discussed such issues as establishment of credit market infrastructure and future development of the CRM market.

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

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