

Macro & Financial

Market News

SDR-Denominated Foreign Exchange Reserve Data Released by the PBC

Starting from April 2016, the People's Bank of China (PBC) is releasing foreign exchange reserve data denominated in the SDR, in addition to the USD currently used. As a currency basket, the SDR tends to be more stable than individual currencies in the basket. Having the SDR as a reporting currency for foreign exchange reserve data would help reduce valuation changes caused by frequent and volatile fluctuations of major currencies, hence provide a more objective measurement of the overall value of the reserve. This would also help enhance the role of the SDR as a unit of account.

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

**Regulatory
Developments**

CSRC Solicits Public Opinions on Revising “Administrative Measures on Risk Control Indicators for Securities Companies” and Supporting Rules

Recently, China Securities Regulatory Commission (CSRC) began to solicit public opinions on revising the “Administrative Measures on Risk Control Indicators for Securities Companies” and supporting rules (“Measures” and Supporting Rules).

The revisions of the “Measures” mainly include the following six areas: First, improve the calculation formula of net capital and risk capital reserve to improve capital quality and the pertinence of risk measurement. Second, optimize the indicator of leverage ratio to improve the completeness of risk coverage. Third, optimize the liquidity monitoring indicators to make the term of asset and liability more appropriate. Fourth, improve the risk control indicator of a single business to enhance its pertinence. Fifth, specify the counter-cyclical adjustment mechanism to improve the effectiveness of risk control. Sixth, strengthen the requirements for comprehensive risk management to improve risk management. In addition, “Measures” and Supporting Rules also revised down the ratio of net asset to liability to 10% from the previous 20%, and the ratio of net capital to net asset to 20% from previous 40%. And this revision should be made based on the real situation.

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

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