



NAFMII News

NAFMII publishes the China Bond Market Development Report 2012

NAFMII recently published the "China Bond Market Development Report 2012", which is divided into six parts - macro environment of China bond market operation, overview of China bond market, government bond market, financial bond market, corporate credit bond market and bond derivatives market.

According to the Report, RMB 8.08 trillion worth of bonds of different kinds were issued in 2012, a y-o-y increase of 2.8%; the settlement volume amounted to RMB 270.85 trillion, a y-o-y increase of 34.1%; and by the end of 2012, total amount of bonds in custody had reached RMB 26.56 trillion, representing an increase of 16.8% compared with the end of 2011. With an increasingly prominent position in China's national economy, the bond market has played an active role in implementing national macro-economic policies, optimizing resource allocation and promoting the deepening reform of the financial system.

[Report abstract](#) (currently only available in Chinese)

Regulatory Developments

Yi Gang: China will once again widen RMB trading band

Yi Gang, Deputy Governor of the People's Bank of China, said on April 17 that China's central bank plans to widen RMB trading band in the near future, and steadily liberalize the use of RMB in the coming years.

Yi Gang said during a group discussion at the spring meeting held by International Monetary Fund (IMF) in Washington, "The exchange rate will be more market-oriented." "I believe we will further widen RMB trading band in the near future," he added.

[News report](#) (currently only available in Chinese)

CBRC: all banks are not allowed to grant new loans to local government financing platforms

According to report on the afternoon of April 15, CBRC recently issued the Guidance

on Strengthening Risk Control over Local Government Financing Platforms in 2013, requiring all banks to control the total size of loans to local government financing platforms and stop granting new loans to local government financing platforms. It also stipulates that the percentage of loans to local government financing platforms with cash flow coverage ratio lower than 100% or debt asset ratio higher than 80% cannot be higher than that of the previous year.

[News report](#) (currently only available in Chinese)

CSRC plans to build an integrated management platform for inspection and law enforcement

On April 13, a relevant responsible person of CSRC said in a press briefing that CSRC will build an integrated management platform for inspection and law enforcement to enhance monitoring and early warning mechanisms. The integrated management platform for inspection and law enforcement includes one platform and four systems: monitoring and early warning as the core and four information systems - clues detection, case management, investigation and analysis, and review and processing. This platform will enable to turn passive acceptance to proactive identification of case discovery, change case management style from single closed management to open diversified management, and replace traditional extensive manual observation with model analysis in terms of case investigation and review and processing.

[News report](#) (currently only available in Chinese)

CIRC publishes regulatory standards for the solvency of some investment products

Recently, the China Insurance Regulatory Commission (CIRC) published the Compiling Rules for Solvency Reports of Insurance Companies - Questions and Answers No. 15: Credit Risk Assessment Methods and Credit Rating" ("Questions and Answers").

The Questions and Answers mainly include the following parts: First, it standardizes assessment methods for identifying credit risks of investment assets; second, it duly raises recognized standards for the solvency of infrastructure debt investment plans; third, it clarifies recognized standards for the solvency of financial products issued by non-insurance financial institutions of different kinds mentioned in new investment policy; forth, it sets out recognized standards for the solvency of new equity investment products such as investment funds of unlisted enterprises and stock index futures; fifth, it re-regulates recognized standards for solvency of overseas investment assets of different kinds by insurance companies.

[CIRC news release](#) (currently only available in Chinese)

CIRC relaxes shareholding caps of Chinese-funded insurance companies

CIRC issued the Notice Concerning Issues in Article IV of 'Administrative Measures for Equities of Insurance Companies' ("Notice"), allowing a single shareholder (including related parties) of qualified insurance companies to invest or hold more than 20% but less than 51% of the shares. The Notice came to effect as of April 9, 2013. Administrative Rules for Insurance Companies, effective as of 2004, sets a 20% shareholding ceiling for Chinese-funded insurance companies. Article IV of Administrative Measures for Equities of Insurance Companies, effective as of 2010, makes principle rules for relaxing shareholding percentage of Chinese-funded insurance companies in consideration of the actual development and situation of the insurance industry. The Notice furthers specific conditions and procedures for relaxing shareholding percentage.

[CIRC Notice](#) (currently only available in Chinese)

Macroeconomic

The State Council deploys the next phase of economic work arrangements

Premier Li Keqiang chaired an executive meeting of the State Council on April 17, analyzing the economic situation of the first quarter, studying and deploying the next-phase work. The meeting proposed to actively expanding effective domestic demands through various means, such as optimizing consumption policies to boost household consumption, vigorously developing the service industry, and developing and nurturing new consumption areas like information, medical, pension and culture to boost growth via consumption.

The focus of meeting the next phase of the deployment is concentrated in five areas:

- (I) To actively expanding effective domestic demands.
- (II) To consolidate foundation for agriculture.
- (III) To make great efforts to safeguard and improve people's livelihood.
- (IV) To deepen reform and opening up.
- (V) To effectively guard against risks in aspects such as local government debt and credit.

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[News report](#) (currently only available in Chinese)

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