

**Regulatory
Developments**

Private equity funds given access to China’s inter-bank bond market

The financial markets department at the People's Bank of China (PBC) on 15 June issued the “Notice on Relevant Matters about the Entry of Private Equity Investment Funds into the Inter-bank Bond Market”, which allows private equity investment funds given access to China’s inter-bank bond market. Qualified private equity investment funds can enter the market after submitting the relevant record-keeping materials as required. According to the Notice, the access for the private equity funds to participate in the inter-bank bond market is that the net assets of the fund managers should be no less than RMB 10 million. Meanwhile, other access conditions include: the size of the assets managed by the fund managers is at the forefront of the industry, and endorsed by the relevant authorities or its authorized self-regulatory organizations in the industry; the fund managers have not conducted any illegal activities or any significant violation of rules in the last three years; investment scope of the private equity investment fund covers bonds and other fixed-income products.

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

CSRC solicits public opinions on the “Administrative Measures for Securities Margin Trading of Securities Companies”

Main amended content are as follows: first is to upgrade the “Administrative Measures” from announcement by CSRC to departmental regulations; second is to establish a counter-cyclical regulatory mechanism for more prudent and macroeconomic management over the securities margin trading business; third is to improve the monitoring and regulation mechanism for the securities margin trading business, so as to strengthen the statistics, monitoring and control functions of China Securities Finance Corporation Limited; fourth is to clarify the bottom line of supervision and regulation, listing six behaviors that securities companies are prohibited from doing when carrying out securities margin trading; fifth is to reasonably control the business scale of the securities companies, which should match the net capital of the securities companies; sixth is to enhance protection of investors’ rights and interests, requiring securities companies to fully reveal risks to customers; seventh is to improve customer engagement conditions and remove such requirements as conducting securities trading in the same securities company

for six full months and putting transaction settlement funds into third-party custody, in an effort to ease conditions for professional institutional investors to participate in securities margin trading; eighth is to allow reasonable extension of securities margin trading contracts so as to meet investors' demand for long-term investment; ninth is to optimize disposal of standards and methods of default customer margin collaterals, making it more flexible and reasonable.

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

Macroeconomic

China, Australia sign landmark Free Trade Agreement

On June 17, the Chinese and Australian governments officially signed the China-Australia Free Trade Agreement (FTA).

The China-Australia Free Trade Agreement covers more than a dozen of industries, such as goods, services and investment. This is by far one of the most liberalized free trade agreements in trade and investment signed between China and other countries, as it achieves the objectives of comprehensive, balanced and high-quality.

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

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