

NAFMII Related

Inaugural meeting of NAFMII's Transaction Committee & Committee's first meeting held in Beijing

On June 14, 2018, the inaugural meeting of NAFMII's Transaction Committee & the first meeting of the first committee was held in Beijing. Liu Jianhong, Deputy Secretary General of NAFMII, said at the meeting that, as an important part of NAFMII's self-regulatory system, the professional committee mechanism plays an important role in pushing product and institutional innovation in the interbank market and promoting standard market development. To further deepen the development of interbank market, NAFMII set up the first Transaction Committee on the basis of the second Brokerage Committee. At present, businesses in the interbank bond market are getting more professional and complicated, and the market is more volatile. He expressed hopes that the first Transaction Committee, by building on the work of the previous Brokerage Committee, will continue to implement the policies and spirit of the CPC Central Committee on preventing and defusing financial risks and regulating financial market development, focus on standard development of interbank bond market, give better play to the advantage and effect of the expert discussion mechanism, and safeguard the market order and the participants' rights and interests.

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

NAFMII's Asset Securitization & Structural Financing Committee holds RMBS symposium

On June 14, 2018, NAFMII's Asset Securitization and Structural Financing Committee held the symposium on Residential Mortgage-Backed Securitization (RMBS). About 20 member organizations attended the symposium and discussed topics such as the RMBS liquidity in tier-2 market.

The attendees agreed that loan-backed securitization has developed continuously and rapidly in recent years and the market is growing in size, for which the revitalization of existing assets and higher efficiency of capital allocation has played an important role. RMBS has become the product that takes the largest proportion in the issuance of loan-backed securities and market cultivation has shown primary results. However, compared with mature markets, RMBS

transaction in tier-2 market isn't active enough, the valuation and pricing system isn't well developed, and auxiliary mechanisms are to be bettered. They suggested stimulating the RMBS liquidity in the tier-2 market by promoting pledge-style repo, improving the market making mechanism, setting more detailed requirements on information disclosure, and making information disclosure more standardized. They will work hard to create a more effective yield rate curve and further study how to make RMBS registration and issuance more efficient.

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

Macro & Financial

Market News

PBC Shanghai HQ simplifies registration of overseas investors for entering Chinese interbank bond market

On June 20, PBC Shanghai HQ released the Requirements on Simplifying the Registration of Overseas Investors for Entering Chinese Interbank Bond Market. (1) It simplifies the registration. Eligible overseas investors can apply to PBC Shanghai HQ and fill in the Registration Form for Overseas Institutional Investors to Invest in Chinese Interbank Bond Market. The registration form attached to the Implementing Rules on Registration Management of Overseas Institutional Investors for Investing in the Interbank Bond Market and the Guide on Access Registration of Overseas Investors under Bond Connect (Northward Connect) will no longer be used. (2) The following provision is cancelled: As of the day of registration, if the investment principal remitted by the overseas institutional investor within nine months is less than 50% of the planned investment scale it registers, it should re-register the planned investment scale and relevant information.

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

Governor Yi Gang's Interview with Shanghai Securities Daily

Q: Governor Yi, the Shanghai Stock Exchange Composite Index declined 3.78 percent today. What are your views on this?

Yi Gang: First of all, financial market fluctuations are caused by multiple factors. The stock market movements today were mainly driven by sentiments, and stock markets in some neighboring economies also declined in varying degrees. Since any market has ups and downs, investors should keep clam and have a rational view on market volatilities.

Second, the fundamentals of the Chinese economy are sound. The growth has become more resilient, the overall supply and demand is more balanced and the new growth drivers are replacing old ones in a faster pace. Since the beginning of this year, the RMB has been among the small group of currencies that have appreciated against the US dollar. Supported by good fundamentals, the capital market is well positioned to develop in a healthy manner. I have full confidence in this.

Third, domestic demand has been an increasingly stronger driver of economic growth in recent years. Trade dependency dropped from 64% in 2006 to 33% last year, lower than the world average of 42%. The current account surplus to GDP ratio also declined from about 10% in 2007 to 1.3% last year. The resilience of the Chinese economy has been increasingly strengthened. China is a huge market

with a total population of more than 1.3 billion. With strong endogenous potentials, the Chinese economy has sufficient means and space to cope with all forms of trade frictions.

Fourth, the PBC always gives high priority to addressing the impact of external shocks. We will prepare relevant policy tools in a forward-looking manner, use a combination of monetary policy tools, maintain liquidity at an appropriate and stable level, and make sure the structural de-leveraging progresses with the right strength and at the right pace, so as to promote stable and sound economic growth, and hold the bottom line of preventing systemic financial risks.

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

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