

NAFMII Related

NAFMII Publicly denounces Ruihua Certified Public Accountants

On June 16, 2016, the self-disciplinary meeting for debt financing instruments of non-financial enterprises decided upon re-examination to punish Ruihua Certified Public Accountants (particular and general partnership) (hereinafter referred to as Ruihua) with an open denouncement and demanded it to make corrections in a timely manner and suspend relevant business for a year.

NAFMII conducted a self-disciplinary investigation on the suspected violation of information disclosure rules by Greenland Group and Shanghai Yunfeng Group. In the process of the investigation, it requested Ruihua to provide original work documents about Yunfeng Group that were produced when it audited Greenland Group's annual report. Ruihua didn't provide the materials needed for the investigation according to NAFMII's request and failed to fulfill its obligations as a member. The self-disciplinary meeting reviewed the situation and decided that Ruihua's actions violated self-regulatory rules, including the *Rules on Intermediary Services for Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market and Working Regulations on Site Investigation for Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market*.

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**Regulatory
Developments**

CBRC issues *Administrative Measures for Risk Control Indicators of Securities Companies (Measures)* and supporting rules

CBRC recently revised the Measures and supporting measures, which were officially released on June 16, 2016 and will come into effect on October 1.

The revisions mainly covered the following six aspects. (1) Improving the calculation formula for net capital and risk capital requirement to improve capital quality and make risk measurement more targeted. (2) Improving the leverage ratio to make risk coverage more comprehensive. (3) Optimizing liquidity monitoring indicators and maturity match between assets and liabilities. (4) Improving risk control indicators for individual businesses to make the indicators more targeted. (5) Clarifying the counter-cyclical adjustment mechanism to make risk control more effective. (6) Reinforcing the requirement for comprehensive risk management and raising risk management level.

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CIRC releases *Notice on Strengthening the Regulation of Portfolio Insurance Assets Management Products*

To implement the State Council's instruction of "de-leveraging and risk prevention", regulate pilot business of portfolio insurance assets management products and truly prevent business risks, CIRC issued the Notice on Strengthening the Regulation of Portfolio Insurance Assets Management Products. The Notice mainly covers the following contents. (1) Clarifying the conditions that companies should have to apply for pilot products and making requirements on their internal control and department setup in order to make sure that only eligible companies can engage in the products. (2) The basic scope of assets for products should be strictly abide by the Notice on Pilot Business (3) Defining the principles on product issuance and registration services to provide registration and issuance services via the asset transaction platform designated by CIRC, so as to regulate the products and protect the legitimate rights and interests of relevant stakeholders. (4) It specifies the regulatory requirements on products, including standards for product classification and scenarios in which products will be prohibited.

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