

NAFMII News

NAFMII took self-regulatory disciplinary actions against a non-compliant institution

NAFMII recently took self-regulatory disciplinary actions against China Orient Asset Management Corporation (“Orient Asset”). As the guarantor, Orient Asset has failed to disclose 2012 annual report and 2013 Q1 financial statement in accordance with relevant requirements. Orient Asset was disciplined for similar reasons in the past. In addition, by the time the self-regulatory disciplinary meeting was convened, Orient Asset still hadn’t formulated and published its Information Disclosure Management System in accordance with Rules for Information Disclosure on Debt Financing Instruments of Non-financial Enterprises in the Interbank Bond Market (2012). According to self-regulatory rules, after examination and reexamination by the self-regulatory disciplinary meeting, the following decisions were made: giving Orient Asset a disciplinary warning, instructing it to make rectifications and suspending its related business (for a period of three months).

[NAFMII Announcement](#) (currently only available in Chinese)

NAFMII publishes the “Research of Economic and Financial Index Theory”

Starting with the general theoretical framework of statistical index, the research analyzes and studies major indices commonly used, as well as their compilation and application in China, in a bid to provide reference for the users of these indices and enable them to better understand and use these indices. Meanwhile, the research also posed reflections on how to perfect the compilation method of the major indices and how to provide more comprehensive data with higher quality. The major indices examined in this research include price index, economic sentiment index, survey index and bond market price index.

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

Latest NAFMII Data as of July 12, 2013

- The newly issued non-financial enterprises debt financing instruments through NAFMII in 2013 reached 1.64 trillion yuan (private placement product reached 330.8 billion yuan), accounting for 81% of the total volume of corporate bonds issued this year; the accumulated issuance volume of the instruments reached

9.96 trillion yuan, accounting for 72.5% of the accumulated volume of corporate bonds; the outstanding volume of the debt financing instruments amounted to 5.05 trillion yuan, accounting for 59.4% of the total corporate bonds outstanding.

- 3892 market participants had joined NAFMII membership, including 187 banking institutions like policy banks, commercial banks and credit unions; 182 non-bank financial institutions like securities, insurance and finance companies; 7 financial intermediaries; 389 intermediaries like rating agencies, accounting firms and law firms; 2816 enterprises; 1 institutions of other areas; and 10 individual members.
- A total of 588 institutions (including 449 non-financial institutions and 1 investment entity with non-legal person status) completed the filing procedures for the signing of 2,200 copies of the Master Agreement on Trading Financial Derivatives in China's Interbank Market (NAFMII Master Agreement); 96 market institutions signed the Master Agreement on Bond Repurchase Transactions; 54 market institutions signed the Master Agreement on Loan Transfer; 21 market institutions signed the Master Agreement (Warranty); 57 institutions registered for Forward Rate Agreement (FRA) qualification and 101 institutions registered for Interest Rate Swap (IRS) qualification; and there were 45 Credit Risk Mitigation (CRM) traders, 26 core traders and 29 CRMW creation institutions.

Regulatory Developments

CBRC releases supplementary guidelines for new capital measures

Recently, the China Banking Regulatory Commission (CBRC) released four supplementary documents in support of Measures for Management of Commercial Bank Capital (Trial) ("Capital Measures"), effective on January 1st, 2013. The documents specified rules and explanations regarding to the following areas: the measurement rules for Capital-at-risk (CaR) of central counterparties, regulatory requirements on information disclosure of commercial banks' capital composition, regulatory requirements for commercial banks to implement the Internal Rating-based Approach (IRB), and capital regulatory policies.

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

PBC: Notice on Furthering Market-based Interest Rate Reform

PBC decided to remove the control over interest rates on loans offered by financial institutions to their clients effective 20 July 2013. Firstly, the floor of lending rates, which is 70 percent of benchmark lending rates, is removed. Financial institutions will independently determine the interest rates on a market basis when they lend to clients. The floating range of interest rates of mortgage loans remains unchanged. Secondly, the control on interest rate of bill discounting is removed. Instead of adding a certain amount of basis points to the central bank discount rate, the financial institutions will price bill discounting independently. Thirdly, the ceiling of lending rates of rural credit cooperatives, which is 230 percent of the benchmark lending rates, is removed.

[PBC News](#)

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