

**Regulatory
Developments*****Notice on Further Clarifying Matters about the Guiding Opinions on Standardizing Asset Management Business of Financial Institutions***

Since the *Guiding Opinions on Standardizing Asset Management Business of Financial Institutions* was enacted on April 27, it has played a positive role in standardizing the asset management market and preventing financial risks. To better implement the *Guiding Opinions*, PBC, CBIRC and CSRC jointly issued the Notice to clarify specific operating matters during the transition period and consequently promote the stable implementation of the *Guiding Opinions*. The Notice mainly consists of the following contents: (1) It further clarifies the investment scope of publicly offered asset management products; (2) It further specifies the method of evaluating relevant products in the transition period; (3) It further clarifies the macro-prudential policy arrangement in the transition period.

The *Notice* explains Article 10 of the *Guiding Opinions*, specifying that in addition to standardized creditor's right assets and stocks in the exchange market, publicly offered asset management products can also invest in non-standardized creditor's right assets in an appropriate way, but should comply with relevant rules in the *Guiding Opinions* on the term match, quota management and information disclosure of such investment. In the meantime, to leave financial institutions a certain period of time to issue new products and foster investors, the Notice makes it clear that during the transition period, financial institutions can appropriately issue some old products to invest in new assets, but the new assets should first meet the financing needs of national key areas, continued major construction projects, and medium, small and micro enterprises. The Notice also emphasizes that the volume of the old products should not surpass the overall outstanding volume before the *Guiding Opinions* was issued, and the maturity of the new assets they invest in should be no later than the end of 2020.

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CBIRC solicits public opinions on Administrative Measures for Privately Offered Asset Management Business of Securities and Futures Operators as well as relevant detailed rules

CBIRC attaches great importance to the protection of investors of wealth management products (WMP). The *Administrative Measures* strengthen the

protection of investors' legitimate rights and interests in terms of investor eligibility management, compliance of sales, information registration and information disclosure.

First, it requires strengthening investor eligibility management. (1) Differentiate publicly offered WMPs from privately offered ones. (2) Follow the risk-matching principle. (3) Set the minimal sales volume for single WMP. (4) Face-to-face interviews are necessary for first-time buyers.

Second, it requires enhancing compliance management of sales. (1) Standardize sales channels including setting up special-zone for sales, as well as recording and videotaping. (2) Reinforce sales management.

Third, it requires strengthening information disclosure. While keeping consistent with the "new rules on asset management", the *Administrative Measures* lays down information disclosure requirements for specific wealth management business: for publicly offered open-end WMP, its net value should be disclosed every open day; for publicly offered close-end WMP, its net value should be disclosed once every week; publicly offered WMP should provide monthly statement for investors; privately offered WMP should disclose its net value and other important information every quarter; banks should disclose the general situation of their wealth management business to the public every half year.

Fourth, it requires preventing "false wealth management" and "sale of fraudulent financial products".

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