

NAFMII Related

**Notice on the results of market evaluation of underwriter members (foreign banks) participating in type-B lead underwriting business of debt financing instruments of non-financial enterprises**

NAFMII started the market evaluation of underwriter members (foreign banks) participating in type-B lead underwriting business of debt financing instruments of non-financial enterprises on June 9, 2017. By June 16, 2017, two foreign bank members submitted relevant materials. NAFMII organized the China Foreign Exchange Trade System (CFETS), China Central Depository & Clearing Co., Ltd. (CCDC), Shanghai Clearing House (SHCH), Beijing Financial Assets Exchange (CFAE) and lead underwriters, investors and issuers to conduct the market evaluation. The evaluation results were reviewed and adopted at the third meeting of the 5th governing council of NAFMII and submitted to PBC for record and approval. A notice on adding foreign bank type-B lead underwriters is hereby issued.

I. HSBC China will carry out type-B lead underwriting business of debt financing instruments of non-financial enterprises, the business scope being debt financing instruments of overseas non-financial enterprises.

II. In accordance with the *Regulations on Debt Financing Instruments of Non-financial Enterprises in Interbank Bond Market*, *Rules on Agency Service for Debt Financing Instruments of Non-financial Enterprises in Interbank Bond Market* and other self-disciplinary rules, foreign bank type-B lead underwriters should set up a specific underwriting department filled with professional underwriting personnel, establish and improve the operating procedures, risk management system and internal control system for underwriting business, and serve as lead underwriter of debt financing instruments of non-financial enterprises in a standard way.

III. In accordance with the *Standard Guide on Book Building Issuance of Debt Financing Instruments of Non-financial Enterprise*, *Notice on Matters Concerning Group Book Building of Debt Financing Instruments of Non-financial Enterprises* and other self-disciplinary rules, foreign bank type-B lead underwriters should carry out book building issuance on the group book building system.

IV. To standardize the business, foreign bank type-B lead underwriters, after being qualified to carry out type-B lead underwriting business, should carry out such business in conjunction with type-A bank lead underwriters first and perform their

duties in accordance with relevant laws, regulations and NAFMII's self-disciplinary rules. A year later, foreign bank type-B lead underwriters that are capable of conducting the lead underwriting business can work independently.

V. If foreign bank type-B underwriters are subject to criminal penalty or major administrative penalty due to violation of laws and regulations, NAFMII will suspend or terminate their qualification as type-B underwriters in accordance with the *Rules on Market Evaluation of Underwriting Members of Debt Financing Instruments of Non-financial Enterprises* and other self-disciplinary rules.

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

## Regulatory Developments

### **CIRC further elaborates insurance sale process to protect consumer rights and interests**

CIRC issued the *Provisional Methods on Back-tracing Management of Insurance Sale*, which came into force on November 1, 2017.

The Methods include 18 articles, mainly concerning the scope and approach of back-tracing, contents of management, responsibility for information security, and measures for internal and external supervision and management.

[CIRC News](#)(Currently Available in Chinese )

---

**Disclaimer:** NAFMII does not guarantee the accuracy of the information contained in the newsletter. Materials and data provided here are intended for general informational purposes only, and are not intended to provide specific investing, tax, business or legal advice to any individual or entity. Certain contents of this newsletter are copyrighted by NAFMII. You agree that information provided on this newsletter will be used solely for your own personal, noncommercial use and benefit, and this information is not to be distributed, sold, transferred or otherwise made available to third parties. You may not copy, recompile or create derivative works from the information provided on this newsletter. Readers are urged to consult with their own advisors before taking action based on any information appearing on this newsletter.