中国银行间市场交易商协会
National Association of Financial Market Institutional Investors

NAFMII WEEKLY UPDATE

27 May - 31 May, 2013

NAFMII News

NAFMII releases the report on the Study of the Relationship between Interest Rate Liberalization and Financial Market Reform and Development

The study first reviews the history of reform in countries that have achieved interest rate liberalization, with a special focus on the capital flow of Japan in that course; then analyzes the achievements and problems faced made in the current reform by observing the progress of interest rate liberalization in China, and further looks into the characteristics of interest rate fluctuations and the interest rate sensitivity of different industries; finally, it studies China's bond market, in particular the interbank bond market, which has played an important role in the reform of interest rate, especially in the formation of benchmark interest rate and monetary policy transmission.

Report Abstract (currently only available in Chinese)

Latest NAFMII Data as of May 24, 2013

- The newly issued non-financial enterprises debt financing instruments through NAFMII in 2013 reached 1.34 trillion yuan (private placement product reached 251.2 billion yuan), accounting for 79% of the total volume of corporate bonds issued this year; the accumulated issuance volume of the instruments reached 9.62 trillion yuan, accounting for 72.1% of the accumulated volume of corporate bonds; the outstanding volume of the debt financing instruments amounted to 4.99 trillion yuan, accounting for 59% of the total corporate bonds outstanding.
- 3818 market participants had joined NAFMII membership, including 177 banking institutions like policy banks, commercial banks and credit unions; 176 non-bank financial institutions like securities, insurance and finance companies; 7 financial intermediaries; 711 intermediaries like rating agencies, accounting firms and law firms; 2736 enterprises; 1 institutions of other areas; and 10 individual members.
- A total of 523 institutions (including 377 non-financial institutions and 1 investment entity with non-legal person status) completed the filing procedures

for the signing of 2,061 copies of the Master Agreement on Trading Financial Derivatives in China's Interbank Market (NAFMII Master Agreement); 54 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 97 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

PBC releases *China Financial Stability Report 2013*

The People's Bank of China recently released China Financial Stability Report 2013. According to the report, China's macro-economy remained stable amid slowdown, financial reform continued moving forward, and the financial system was sound and robust in 2012. In 2013 greater efforts should be done in the following aspects: to steadily promote interest rate liberalization and reform in RMB exchange rate formation mechanism; vigorously develop direct financing and encourage product innovation; continuously deepen financial reform, and steadily push forward financial innovation; enhance regulatory coordination and risk prevention and control in key areas; and make solid progress in the construction of the deposit insurance system.
PBC news (currently only available in Chinese)

PBC and Swiss Federal Department of Finance sign MOU on Financial Dialogue

On May 24, Zhou Xiaochuan, Governor of the People's Bank of China, and Michael Ambühl, State Secretary of Swiss Federal Department of Finance, signed the "Memorandum of Understanding on Financial Dialogue between the People's Bank of China and the Swiss Federal Department of Finance" in the Swiss capital Bern. Chinese Premier Li Keqiang and Swiss President Ueli Maurer attended the signing ceremony.

PBC news (currently only available in Chinese)

SCOPSR plans to adjust functions of ministries and commissions directly under the State Council and hand over PE and VC Regulatory Supervision to CSRC

According to media reports, the State Commission Office for Public Sector Reform (SCOPSR) plans to adjust functions of ministries and commissions directly under the State Council and hand over PE and VC regulatory supervision to CSRC. This means PE and VC will be supervised by a single commission rather than by multiple departments concerned previously, removing regulatory hurdles for PE and VC to carry out public offering business. By doing so, the asset management industry will see a competitive landscape involving multiple categories of institutions, such as asset management of securities companies, public funds, PE/VC, privately offered funds and futures.

Media report (currently only available in Chinese)

Macro & Financial Market News

People's Daily: China will not launch a new version of "RMB 4 trillion economic stimulus plan"

China's economy started with a "weak recovery" as a whole in the first quarter of this year, the real economy is still weak and China's economy remains in the consolidation phase. In face of weak economic recovery, public voice sounded again recently about whether a new version of "4 trillion economic stimulus plan" should be launched. Experts generally believe that traditional economic stimulus plan cannot resolve structural contradictions, and on the contrary, may increase excess capacity, local government debt, etc. As a result, the key for steady growth still lies in continuous efforts to deepen reform and structural adjustment so as to enable sustainable development by promoting deeper institutional reforms.

Media report (currently only available in Chinese)

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