

**Regulatory
Developments**

Baoshang Bank taken over by PBoC, CBIRC

People's Bank of China (PBoC) and China Banking and Insurance Regulatory Commission (CBIRC) jointly announced that as Baoshang Bank is exposed to serious credit risks, Baoshang Bank would be taken over by PBoC and CBIRC for one year from May 24 of 2019, according to relevant regulations of the *Law of People's Bank of China*, the *Law on Banking Supervision* and the *Law of Commercial Banks*, a move to protect the legitimate interests of the depositors and other clients.

PBoC and CBIRC will form a special working group in charge of the takeover process in accordance with relevant laws and regulations. Right after the takeover, the special group will execute business management rights on Baoshang Bank, and China Construction Bank will be the trustee to proceed in line with the trust agreement under the guidance of the special group.

To protect the legal rights of the bank's depositors and other clients, Baoshang Bank will maintain normal operations, and offer services to clients as usual after the takeover.

[PBC News](#)

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Defaulted bond transfer & settlement service to be launched by CSRC

Under the guidance of China Securities Regulatory Commission (CSRC), Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE), together with China Securities Depository and Clearing Company Limited (CSDCC), issued the Notice on Providing Transfer & Settlement Service for Specific Listed Bonds in the Market to make arrangements for specific bonds like defaulted bonds, which involve transfer, settlement, investor suitability, information disclosure, among others.

Defaulted bond transfer and settlement service helps form an effective mechanism arrangement to ease risks, whereas in the previous situation investors could only wait passively for redemption as a defaulted bond would be delisted as soon as it matured; It helps investors intimate default risks via transfer in the secondary market to facilitate risk-off; It helps investors timely dispose of distressed bonds to meet requirements for clearing when a product matures; It also helps form an effective risk pricing mechanism to enhance the price discovery function of the exchange bond market.

Next, guided by CSRC, SSE and SZSE, together with CSDCC will strengthen market training and investor education to further improve market participants' awareness of and involvement in the service mechanism for defaulted bond transfer and settlement, so as to ensure smooth operation of related businesses.

[CSRC NEWS](#)

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