

Direct RMB-Singapore Dollar transaction to begin in the Interbank Foreign Exchange Market as of October 28

According to the consensus reached during the tenth meeting of China - Singapore Joint Council for Bilateral Cooperation (JCBC) and after preparation by financial sectors of both countries, Vice Premier Zhang Gaoli announced to launch direct RMB-Singapore dollar transaction in the interbank foreign exchange market as of October 28. Direct trading between RMB and Singapore dollar in compliance with market principles is an important initiative China and Singapore take to promote further development of bilateral economic and trade relations.

The Launch of direct trading between RMB and Singapore dollar entails a direct exchange rate of RMB against the Singapore dollar, which will reduce exchange costs of economic entities and promote the use of the CNY and the Singapore dollar in bilateral trade and investment, help strengthen bilateral financial cooperation as well as support the ever growing economic and financial relations between China and Singapore.

<http://www.pbc.gov.cn/publish/goutongjiaoliu/524/2014/20141027151047764308550/20141027151047764308550.html>

PBC releases statistical report on loans of financial institutions for Q3 2014

According to “Statistical Report on Loans of Financial Institutions for Q3 2014” released by People’s Bank of China (PBC) on October 28, RMB loan balances of financial institutions at the end of September was RMB 79.58 trillion, an increase of 13.2% year on year, 0.8 percentage point lower than the growth at the end of previous quarter; RMB loan increased by RMB 7.68 trillion in the first three quarters, an increment of RMB 404.5 billion more than that in the same period last year. Analysis based upon data provided in the report show that financial institution loans in Q3 manifest the following characteristics: first, business loans were up year on year, though growth rate declined; second, there was a slowdown in the growth of small and micro-enterprise loans, but growth rate was still higher than the growth of other loans; third, the growth rate of medium-and -long-term loans for industrial and service sectors declined a bit; fourth, loan growth in “Agriculture, Countryside and Farmers” slowed, though growth of loans to farmers and rural areas was still higher than other loans; fifth, real estate loans grew rapidly, albeit the growth rate slowed down; and sixth, household loans declined.

<http://www.pbc.gov.cn/publish/goutongjiaoliu/524/2014/20141028105949777784919/20141028105949777784919.html>

CSRC issues “Administrative Measures for Significant Asset Restructuring of Listed Companies and “Decision on Amending ‘Administrative Measures for Takeover of Listed Companies’”

CSRC recently released a revised version of “**Administrative Measures for Significant Asset Restructuring of Listed Companies (Restructuring Measures)** and “**Decision on Amending ‘Administrative Measures for Takeover of Listed Companies’” (Takeover Measures)**.

The main contents are as follows: first, it removes approval for major purchase, sale and asset replacement by listed companies that do not constitute backdoor listing, as well as prior approval for tender offer and approval for 2 exemption circumstances during tender offer;

second, it improves market-oriented pricing mechanism for buying assets using shares offering, and adds the requirement to increase pricing flexibility and set price adjustment mechanism for the shares offering pricing; third, it optimizes the definition of backdoor listing by clearly laying out requirements for backdoor listing similar to IPO examination and approval and by explicitly forbidding GEM-listed companies to do backdoor listing; fourth, it further enriches payment instruments for M&A and restructuring, thereby reserving space for listed companies to resort to preferred shares, targeted convertible bonds and warrants as payment sources of M&A and restructuring; fifth, it abolishes the threshold to buy assets by issuing shares to unaffiliated third-party, as well as the mandatory requirements on compensation, earnings and forecasts, showing respect for market competition; sixth, it diversifies the performance guarantee system for tender offer to reduce tender offer costs and strengthen responsibilities of financial advisors; and seventh, it clarifies the multi-level audit system to enhance regulation and supervision during and after, propelling relevant entities to perform their own responsibilities.

http://www.csrc.gov.cn/pub/newsite/zjhxwfb/xwdd/201410/t20141024_262329.html

CIRC issues “Guidelines for Five-level Classification of Insurance Asset Risks”

Recently, the China Insurance Regulatory Commission (CIRC) issued the “Guidelines for Five-level Classification of Insurance Asset Risks” (Guidelines). The main contents of the Guidelines include: First, it specifies core definitions of five-level risk classification. Second, it sets out risk classification criteria for fixed income assets. Third, it sets out risk classification criteria for equity assets. Fourth, it sets out risk classification criteria for real estate property. Meanwhile, the Guidelines, as a guidance document on insurance asset risk classification, encourages qualified companies to consider their actual circumstances while taking reference to international practice and to explore more stringent classification criteria, so as to gradually implement and improve asset risk classification system.

<http://www.circ.gov.cn/web/site0/tab5168/info3939549.htm>