

Regulatory

Developments

1. CSRC approves Shanghai Futures Exchange to conduct copper option trade

CSRC recently approved the Shanghai Futures Exchange to carry out copper option trade, starting on September 21, 2018.

Option is a mature basic risk management tool in the international derivative market. In March and April 2017, the bean pulp option and white sugar option went online for trading at Dalian Commodity Exchange and Zhengzhou Commodity Exchange respectively. In the past year and more, the markets have operated in a stable and orderly manner, gradually played their due roles, and primarily met agricultural enterprises' demand for customized and refined risk management and lowered the hedging cost. At the same time, copper enterprises suggested trading copper options in the market. The copper industry plays an important role in China's industrial system and bulk commodity market. Carrying out copper option trade is good for improving the market system of bulk commodity derivatives, providing more risk management approaches for copper enterprises, and improving their risk management level.

[\(CSRC News\)](#) (Currently Available in Chinese)

Interests from overseas institution's investment in China's bond market to be exempt from corporate income tax and VAT

Premier Li Keqiang presided over an executive meeting of the State Council on August 30, at which it was pointed out that tax and fee reduction was an important measure for implementing the proactive fiscal policy and maintaining a stable macro-economy. Relevant departments issued a series of tax/fee-reducing measures this year to support small and micro enterprises and promote entrepreneurship and innovation, and they have taken positive effects. The meeting decided to launch new measures to support the development of real economy while well implementing the old ones. (1) Enterprises that stop production due to the policy of de-capacity and structural adjustment are entitled to reduction/exemption of housing property tax and urban land use tax, investments related with social security fund and basic endowment insurance fund are entitled to tax reduction/exemption, and Postal Savings Bank, which has a large amount of loans related with agriculture, farmers and the countryside, can pay 3% VAT on its loan interest income. (2) To increase loans for small and micro enterprises, from September 1 this year to the end of 2020, qualified interest income from loans to small and micro enterprises and self-employed businesses

will be exempt from VAT, and the upper limit on the credit line for a single business will be increased from RMB5 million to RMB10 million. (3) To realize opening up on a higher level and encourage and attract overseas investors to participate in China's economic development, interest income from overseas institution's investment in China's bond market will be exempt from corporate income tax and VAT for three years, and the export rebate rate of certain products will be raised. These measures are expected to reduce enterprises' taxes by more than RMB45 billion.

[\(GOV News\)](#) (Currently Available in Chinese)

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