



## Regulatory

## Developments

### **PBC to enlarge scope of MLF collaterals**

Previously MLF accepted national debts, central bank bills, financial bonds issued by China Development Bank, policy financial bonds, local government bonds, and credit bonds issued by AAA-rated companies as collaterals. The additional collaterals added this time include: (1) financial bonds for small and micro companies, green financial bonds and financial bonds for agriculture, farmers and rural areas not lower than AA rating; (2) credit bonds issued by AA+ or AA-rated companies, including corporate bond, MTN and short-term commercial paper (SCP); (3) loan for quality small and micro enterprises and green loan.

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

### **CSRC and PBC jointly issue Guidance on Further Regulating Online Fund Sales and Redemption Services in the Monetary Market**

CSRC and PBC jointly issued the Guidance on Further Regulating Online Fund Sales and Redemption Services in the Monetary Market, making requirements in the following five aspects.

First, the following principles must be implemented during online fund sales in the monetary market: strengthen the requirement for licensed operation; strengthen the close-loop capital operation and same-card input/output of fund sales settlement; and strengthen the requirement for fair competition in fund sales activities; prohibit unlicensed organizations from carrying out fund sales or keeping investors' fund sales information; prohibit any organization or individual from embezzling the capital for fund sales settlement; prohibit the use of such capital for "T+0 redemption"; prohibit illegal transfer of fund shares; prohibit discriminatory, exclusive and tie-in fund sales.

Second, it requires implementation of quota management of "T+0 redemption". For single monetary market fund held by individual investors, its daily limit on "T+0 redemption" is no more than RMB10,000 at a single fund sales organization. Investors' normal redemption according to the contract isn't subject to this.

Third, except commercial banks qualified to carry out fund sales business, no other organization or individual is allowed to provide advances for "T+0 redemption" in any way.

Fourth, it requires regulating publicity, promotion and information disclosure of "T+0 redemption" business by fund managers and fund sales organizations, intensify risk revelation, and prohibit them from misleading the investors.

Fifth, non-banking payment organizations are not allowed to provide value-added services that use fund share in the monetary market for direct payment, or engage in fund sales business in the monetary market directly or in disguise, or provide advances for "T+0 redemption".

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

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