

**Regulatory  
Developments**

**CSRC issues Pilot Administrative Measures for Preferred Shares**

The Measures is amended in the following main aspects: first, it adds a new provision that “Listed companies are not allowed to issue preferred shares that can be converted to ordinary shares”. Meanwhile, commercial banks can issue preferred shares which can be converted into ordinary shares upon the occurrence of trigger events via private placement; second, in terms of issue conditions of preferred shares, listed companies that mull to issue preference shares shall satisfy the condition that their average annual distributable profits in the last three fiscal years should be no less than the dividends of preferred shares in one year; third, the Measures allows listed companies to issue preference shares via private placement by taking the form of shelf offering; fourth, the Measures stipulates that when the number of qualified investors is calculated, should an asset management institution and its two or more products under its management buy or transfer preferred shares, they should be deemed as one investor; and fifth, a new provision is added in the Measures that the par value per preferred share is RMB 100.

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

**Local CBRCs clear interbank business**

Recently, various local banking regulatory bureaus issued notices to banks to clear their interbank business. The required interbank business reform mainly includes four areas: first is about the reform of business process and procedures, including tenor and credit granting management; second is about organizational reform. Interbank business shall be operated and managed by a specialized department of bank’s head office. Other departments and branch institutions can no longer operate interbank business and branch institutions cannot engage in interbank business, such as asset transfer, selling repurchase and buying resale ; third is about clearing interbank business products, namely product authorization and management scope; and fourth is about IT system reform, the system should strengthen management on interbank data quality. Meanwhile, the banking regulatory bureaus will also conduct inspection on interbank business risks.

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**Shanghai Pilot Free Trade Zone (FTZ) will set up an international financial asset**

### **trading platform**

According to the Director of Shanghai Financial Office, Shanghai Stock Exchange will set up an international financial asset trading platform in Shanghai FTZ. Currently, important financial market institutions, including China Financial Futures Exchange (CFFE), Shanghai Clearing House, and Shanghai Equity Exchange, are actively researching on the ways to provide international financial services. Shanghai Futures Exchange has established an international energy trading center in FTZ, and Shanghai Gold Exchange is planning to set up an international trading platform in FTZ.

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