

**Regulatory
Developments**

CSRC inspects law firms engaged in IPO securities law

According to the arrangements made at the National Work Meeting on Securities and Futures Regulations, CSRC organized a special inspection of law firms engaged in IPO securities law. This inspection program specifically checks if law firms and their practicing lawyers comply with laws and regulations during their practices, whether they are diligent and responsible, whether they have performed all obligations in the due diligence, and whether the legal opinions and other documents they provide contain false records, misleading statements or substantial omissions. The inspection covers the law firms' and lawyers' performance on their obligation to verify, quality of their legal opinions and other documents, formulation and implementation of the law firm's risk control systems, prevention of conflict of interests by both law firms and lawyers, the production and storage of working drafts, etc.,.

For any law and regulatory violations identified in IPO projects by law firms or lawyers, during the inspection, CSRC will deal with relevant parties stringently in accordance with the law, in order to preserve the market order and protect investors' legal rights and interests.

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Statistics

2017Q1 financial statistics report

PBC released the financial statistics report of 2017Q1. M2 and M1 increased by 10.6% and 18.8% respectively; RMB loan increased by RMB4.22 trillion and foreign currency loan by USD51 billion; RMB deposit increased by RMB5.06 trillion and foreign currency deposit by USD59.2 billion. The monthly weighted average interest rate of interbank lending in the interbank RMB market was 2.62% and that of pledged-style bond repo was 2.84%. RMB settlement for cross-border trade totaled RMB994.2 billion and that for direct investment was RMB241.7 billion.

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Financial market operation in March

In March 2017, altogether RMB3.9 trillion bonds of various types were issued in the bond market, including RMB160 billion treasury bonds, RMB474.1 billion financial

bonds, RMB542 billion corporate credit bonds, RMB31.4 billion credit-assets-backed securities, and RMB2.1 trillion NCDs. RMB3.6 trillion bonds of various types were issued in the interbank bond market.

The monetary market registered a transaction volume of RMB60 trillion, down by 3.3% year-on-year and up by 35.6% month-on-month. Among that, pledged-style repo stood at RMB50 trillion, down 1.8% year-on-year and up 39.6% month-on-month, buyout-style repo stood at RMB2.4 trillion, down 35.7% year-on-year and up 60.4% month-on-month, and interbank lending stood at RMB7.7 trillion, increased by 2.6% year-on-year and 9.7% month-on-month.

The interbank bond market registered a spot trading volume of RMB9 trillion, averaging RMB390.03 billion per day and down by 20.9% year-on-year but up 16% month-on-month. The exchange bond market saw a spot trading volume of RMB478.06 billion, averaging RMB20.79 billion per day and up 24.6% year-on-year and 2.3% month-on-month.

At the end of March, Shanghai Composite Index closed at 3,222.51 points, down 19.22 points or 0.59% from the end of last month; Shenzhen Component Index closed at 10,428.72 points, up 37.38 points or 0.36% from the end of last month.

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