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NAFMII Continues to Improve Investor Protection System

In order to prevent credit risk and effectively protect investors' rights and interests, NAFMII organized market members to formulate the “Paradigm of Investor Protection Provision” through repeated study and argumentation. The Paradigm first systematically sorts out related risk events, formed four major basic provisions – “Cross protection article”, “Financial index commitment”, “Prior restraint article” and “Alteration in control rights article”, and categorizes the specific triggering situations and liabilities of breach. Various market parties can make differentiated design according to the specific circumstances of issuers. In order to ease the capital pressure on the issuer when the investor requires redemption directly, the Paradigm introduces the “Breach Relief Toolkit” for the first time, including a number of measures such as adding guarantees, increasing coupon rate and redemption option. The Paradigm permits the issuer to take some remedy measures within the law, so that the investor can get some compensations or indemnities. In addition, the Paradigm also innovatively establishes the provision of “capital pool commitment” wherein the issuer may ensure the cashing needs by promising to take related assets as capital source of the debt repayment in this term.

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PBC Releases Update on Financial Market Operation of June 2016

Statistics

In August 2016, altogether 3.7 trillion RMB worth of bonds of various types were issued in China's bond market, including 382.32 billion RMB government bonds, 8394.50 billion RMB bonds issued by local governments, 356.70 billion RMB financial bonds, 857.02 billion RMB corporate credit bonds, 13.98 billion RMB credit asset backed securities, and 1.2 trillion RMB interbank deposits. The monetary market saw a total turnover of 74 trillion RMB, up 64.1% YOY and 6.6% MOM. Interbank bond market registered a cash bond transaction of 13.7 trillion RMB, averaging 597.29 billion RMB per day, up 53.6% YOY and 8.8% MOM. Shanghai Composite Index closed at 3085.49 points, up by 106.15 points or 3.56% from the end of last month, while Shenzhen Component Index closed at 10757.88 points, up 428.44 points or 4.15% from the end of last month.

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PBC Publishes Financial Statistical Report for August 2016

According to the financial statistical report released by People's Bank of China (PBC), M2 and M1 money supply increased 11.4% and 25.3% respectively in August 2016; RMB loan increased by RMB948.7 billion and foreign-currency loan decreased by USD29.8 billion; RMB deposits increased by RMB1.78 trillion and foreign-currency deposits increased by USD2.1 billion; monthly weighted average interest rate of interbank RMB lending was 2.13%, and that of bond repurchase agreement was 2.12%; RMB settlement business for cross-border trade stood at RMB452.7 billion, and that for direct investment was RMB211 billion.

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