

NAFMII News

NAFMII takes self-disciplinary actions against two non-compliant institutions

NAFMII took self-disciplinary actions against Shanxi Road and Bridge Construction Group (SRBCG), an issuer of debt financing instruments, and China International Capital Corporation (CICC), its lead underwriter. Due to failure to make compliant disclosure of major asset restructuring according to relevant self-regulatory rules, SRBCG was given a disciplinary warning and an order to make rectifications and to suspend its related business (for three months); and He Xiangrong, head of the financial department of the company who was directly responsible was given admonishing talks. CICC was given a disciplinary warning after examination by the self-regulatory disciplinary meeting, and an order to make rectifications and apologies for violating relevant self-regulatory rules of the inter-bank market for registration and issuance as well as information disclosure during underwriting, and the primary responsible person of this incident Tu Jianzong was given a stern disciplinary warning and deemed as inappropriate candidate (for one year); the secondary responsible person Hao Heng was given a disciplinary warning and deemed as inappropriate candidate (for a period of six months); and secondary responsible person Yao Renzhi was given a disciplinary warning and deemed as inappropriate candidate (for three months).

NAFMII Announcements (currently only available in Chinese):

1. http://nafmii.org.cn/zlgl/zwrz/zlcf/201306/t20130609_22622.html
2. http://nafmii.org.cn/zlgl/zwrz/zlcf/201306/t20130609_22623.html

Latest NAFMII Data as of May 31, 2013

- The newly issued non-financial enterprises debt financing instruments through NAFMII in 2013 reached 1.42 trillion yuan (private placement product reached 265.70 billion yuan), accounting for 79.9% of the total volume of corporate bonds issued this year; the accumulated issuance volume of the instruments reached 9.73 trillion yuan, accounting for 72.2% of the accumulated volume of corporate bonds; the outstanding volume of the debt financing instruments amounted to

5.04 trillion yuan, accounting for 59.2% of the total corporate bonds outstanding.

- 3836 market participants had joined NAFMII membership, including 178 banking institutions like policy banks, commercial banks and credit unions; 177 non-bank financial institutions like securities, insurance and finance companies; 7 financial intermediaries; 713 intermediaries like rating agencies, accounting firms and law firms; 2750 enterprises; 1 institutions of other areas; and 10 individual members.
- A total of 523 institutions (including 377 non-financial institutions and 1 investment entity with non-legal person status) completed the filing procedures for the signing of 2,072 copies of the Master Agreement on Trading Financial Derivatives in China's Interbank Market (NAFMII Master Agreement); 60 market institutions signed the Master Agreement on Bond Repurchase Transactions; 54 market institutions signed the Master Agreement on Loan Transfer; 21 market institutions signed the Master Agreement (Warranty); 57 institutions registered for Forward Rate Agreement (FRA) qualification and 98 institutions registered for Interest Rate Swap (IRS) qualification; and there were 45 Credit Risk Mitigation (CRM) traders, 26 core traders and 29 CRMW creation institutions.

Regulatory Developments

PBC issued Measures for Depository and Management of Customer Excess Reserves of Payment Institutions

Recently, the People's Bank of China (PBC) issued *Measures for Depository and Management of Customer Excess Reserves of Payment Institutions* ("Measures"). So far 223 payment institutions have been legally licensed by PBC, over 90% of which have to deal with customer excess reserves; payment institutions face the following problems in their actual operations, not separating customer excess reserves from their self-proprietary funds, and having a large number of bank accounts with funds scattered, depositing funds in various forms, and association among various capital accounts is complex with low transparency; the Measures is aimed to protect consumers' interests and strictly manage the depository and use of customer excess reserves, so as to ensure the safety of customer funds.

[PBC Announcement](#) (currently only available in Chinese)

CSRC releases draft for comments on IPO reforms

China Securities Regulatory Commission (CSRC) recently solicited public comments on IPO reforms. It is said that the current round of reforms mainly cover five aspects, and some of the key reform measures include: start preliminary information disclosure at IPO application; allow bond issuance before IPO; introduce automatic placement mechanism of the lead underwriter; introduce random checks on the working papers of intermediary agencies before IPO review.

[CSRC news](#) (currently only available in Chinese)

CIRC enhance formulation and management of regulatory documents

China Insurance Regulatory Commission (CIRC) drafted the *Administrative Measures of CIRC for Formulation of Regulatory Documents (Trial)* (Draft for Comments) and released it recently to solicit public comments. According to the Draft, the regulatory documents should be formulated via such procedures as project proposal, drafting, reviewing, publishing, interpretation, evaluation and cleaning-up, and shall be signed by relevant persons in charge and then released through the official websites to the public. Regulatory documents not made public to the society shall not be used as the basis for implementation of insurance supervision. Meanwhile, the Draft also stipulates that regulatory documents shall neither set administrative licensing, administrative penalties and administrative enforcement, nor set administrative fees, nor regulate other matters which shall be determined by law, administrative regulations and rules.

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[CIRC news](#) (currently only available in Chinese)

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