

NAFMII News

Latest NAFMII Data as of July 19, 2013

- The newly issued non-financial enterprises debt financing instruments through NAFMII in 2013 reached 1.72 trillion yuan (private placement product reached 338.0 billion yuan), accounting for 81.5% of the total volume of corporate bonds issued this year; the accumulated issuance volume of the instruments reached 10.03 trillion yuan, accounting for 72.6% of the accumulated volume of corporate bonds; the outstanding volume of the debt financing instruments amounted to 5.07 trillion yuan, accounting for 59.5% of the total corporate bonds outstanding.
- 3910 market participants had joined NAFMII membership, including 188 banking institutions like policy banks, commercial banks and credit unions; 184 non-bank financial institutions like securities, insurance and finance companies; 7 financial intermediaries; 692 intermediaries like rating agencies, accounting firms and law firms; 2828 enterprises; 1 institutions of other areas; and 10 individual members.
- A total of 588 institutions (including 449 non-financial institutions and 1 investment entity with non-legal person status) completed the filing procedures for the signing of 2,200 copies of the Master Agreement on Trading Financial Derivatives in China's Interbank Market (NAFMII Master Agreement); 104 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 101 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

The CBRC Issued Guidelines on Corporate Governance of Commercial Banks

Recently, CBRC issued Guidelines on Corporate Governance of Commercial Banks (the Guidelines), which further clarifies the direction of corporate governance of banking institutions. New contents of the Guidelines are: standardizing operation and duty requirement of board of directors; fulfilling supervisory board

responsibilities; enhancing strategic planning and asset management of commercial banks; improving specific rules on risk management and internal control; establishing requirements on building scientific incentive mechanism, effective accountability mechanism and transparency improvement; clarifying roles of supervisory departments in evaluating, guiding and intervening in corporate governance of commercial banks; ensuring the Guidelines is in line with best international practices, using the new definition of corporate governance, and proposing the concept of stakeholder—corporate governance of banks shall protect the interests of depositors and employees.

[CBRC News](#)

CBRC Released Statistics of the Banking Sector of the first half of 2013

On July 31st, CBRC released the banking sector statistics of the first half of 2013. By the end of June, commercial banks' non-performing loans (NPL) balance stood at RMB 539.5 billion with a NPL rate of 0.96%. Loan-to-deposit ratio stood at 72.43%, and the required reserve ratio (RRR) maintained the level of more than 20%. Increase of loans via local government financing vehicles (LGFVs), wealth management products (WMPs) and trusts slowed down. The shares of loans for real estate development and industry with excess capacity declined as well. By the end of the first half year, the loan balance via LGFVs were RMB 9.7 trillion, up by 6.2% year on year. The balance for WMPs came at RMB 9.08 trillion; the balance of trust asset totaled RMB 9.45 trillion, witnessing January to June the month-to-month growth a slide from 5.2% to 0.44%. Regarding the newly increased real estate loans, the proportion of loans extended for property development accounted for 24.55%, down by 12% year on year.

[CBRC News](#) (currently only available in Chinese)

Macro & Financial Market News

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CPC Central Committee Political Bureau Convened Meeting Regarding Current Economic Trends and the Work of the second half of 2013

On July 30th, the CPC Central Committee Political Bureau held a meeting to discuss current economic climate and the working plan of the second half of 2013. In the second-half of this year, work should stick to stable progress approach, well coordinate the relationship of stable growth, structure adjustment and reform promotion, and substantially enlarge effective requirements. In addition, the government should continue to drop and ease administrative examination and approval process, deeply promoting the reform of fiscal and taxation systems.

[Media report](#) (currently only available in Chinese)

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