

**NAFMII News**

**NAFMII publishes report – Research on the Development Route Selection of China Bond Market**

The report is composed of four parts, including the basic theories of bond market development, Chinese bond market development & corporate direct financing, the status quo of China's credit bond market, and the prospect & policy recommendations of bond market development. The report ends with six suggestions: promote a clear concept of market opening, reinforce mechanism and product innovation, further diversify the market structure, strengthen standardized market management, strengthen supervisory coordination and self-regulatory management, and improve the environment for market development.

**Latest NAFMII Data as of May 10, 2013**

- The newly issued non-financial enterprises debt financing instruments through NAFMII in 2013 reached 1.20 trillion yuan (private placement product reached 206.85 billion yuan), accounting for 74.7% of the total volume of corporate bonds issued this year; the accumulated issuance volume of the instruments reached 9.51 trillion yuan, accounting for 71.5% of the accumulated volume of corporate bonds; the outstanding volume of the debt financing instruments amounted to 4.95 trillion yuan, accounting for 58.4% of the total corporate bonds outstanding.
- 3775 market participants had joined NAFMII membership, including 174 banking institutions like policy banks, commercial banks and credit unions; 175 non-bank financial institutions like securities, insurance and finance companies; 7 financial intermediaries; 704 intermediaries like rating agencies, accounting firms and law firms; 2704 enterprises; 1 institutions of other areas; and 10 individual members.
- A total of 505 institutions (including 360 non-financial institutions and 1 investment entity with non-legal person status) completed the filing procedures for the signing of 2,035 copies of the Master Agreement on Trading Financial Derivatives in China's Interbank Market (NAFMII Master Agreement); 48 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 97 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

### **CSRC solicits public comments on Measures for the Administration of Publicly Offered Securities Investment Fund Manager**

CSRC solicited public comments on the Measures for the Administration of Publicly Offered Securities Investment Fund Managers and the revised draft of the supporting document Provisions Concerning Relevant Issues of the “Implementation of the Measures for the Administration of Publicly Offered Securities Investment Fund Managers”. The revisions include: First, incorporate fund companies and other institutions applying to carry out the publicly offered fund business into regulation. Second, lower the access threshold for fund companies. Third, relax the restriction over parent institutions of fund companies applying publicly offered business. Fourth, reinforce the incentive and constraint mechanism of fund companies. Fifth, set up the supervisory requirements for other institutions engaged in publicly offered fund management. Sixth, elaborate legal responsibilities. Seventh, set forth industrial supervisory requirements for the listing of fund companies.

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

### **CSRC solicits public comments on the Measures for the Administration of Businesses of Securities Investment Fund Service Institutions**

CSRC published the Measures for the Administration of Businesses of Securities Investment Fund Service Institutions (Exposure Draft) to solicit comments from the public. The document delimits the scope of various fund service businesses, qualification requirements for institutions, relevant business standards, penalties for noncompliant conducts, and concrete registration or filing procedures for institutions specializing in publicly offered fund services as defined by the CSRC.

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

### **PBC to Roll out Bank Deposit Insurance System when Appropriate**

On May 22, Pan Gongsheng, Deputy Governor of the People’s Bank of China (PBC), disclosed that China would launch the bank deposit insurance system at an appropriate time at the China Finance Summit 2013, an event of the 16th China Beijing International High-Tech Expo (CHITEC). China has not established the deposit insurance system so far. In China, bank deposits are endorsed by the government,

and secured by the sovereignty credit and the central fiscal credit, and the central bank and local governments discharge personal debts. The call is rising for the deposit insurance system amid the progress of interest rate liberalization.

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

### **NDRC improves enterprise bond issuance review**

The National Development and Reform Commission (NDRC) announced an upcoming classified management policy for enterprise bond issuance applications. Two kinds of applications will enjoy “accelerated and simplified review”:  
Applications for bonds that are consistent with state-aid policies, and bonds rated at high credit levels or covered in the credit development pilot project. Two kinds of applications will be subject to “stricter review”: Applications for bonds restricted by national industrial policies and bonds rated at low credit levels. Other kinds of applications will fall into the “controlling the scale & frequency of issuance at proper levels” category.

[NDRC news release](#) (currently only available in Chinese)

### **CIRC clarifies market access policy for professional insurance intermediaries**

CIRC recently published the Decision on the Amendment of the Insurance Brokerage Institution Supervision Policy and the Decision on the Amendment of the Professional Insurance Agency Institution Supervision Provisions, setting up the minimum capital requirement of RMB50 million for the establishment of a professional insurance agency company or insurance brokerage company (unless otherwise specified by the CIRC). The Notice on Further Clarifying Relevant Issues Concerning the Market Access of Professional Insurance Intermediaries disclosed together with the aforesaid documents further stipulates that an enterprise specializing in automotive production, sales, repair and transport is allowed to set up a professional insurance agency company with its registered capital on no less than RMB10 million.

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

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