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NAFMII launches Project Revenue Notes

On July 11, 2014, NAFMII published the “Guidelines on Project Revenue Notes of Non-financial Enterprises in the Inter-bank Bond Market” (“Guidelines”), and officially began accepting the registration application of enterprises for issuing project revenue notes in the inter-bank bond market. On the same day when the “Guidelines” was released, Zhengzhou Jiaotou Dikun Industrial Co., Ltd’s RMB 1.2 billion project revenue note was officially registered. It schedules to issue RMB 500 million notes for the first issue.

[NAFMII News](#) (Currently Only Available in Chinese)

Macro & Financial Market News

BRICS Countries Signed Contingent Reserve Arrangement (CRA)

On behalf of the Chinese Government, Governor Zhou Xiaochuan signed an international treaty for the establishment of a BRICS Contingent Reserve Arrangement (CRA) together with representatives of other BRICS countries on July 15, 2014, in Fortaleza, Brazil. The initial total committed resources under the CRA will be USD100 billion, composed of individual commitments as follows: China (USD41 billion); Brazil, India and Russia (USD18 billion each); and South Africa (USD5 billion). The establishment of the Arrangement does not imply any outright transfer of international reserves. The committed resources will only be drawn through a currency swap if a country requests for assistance and meets certain conditions. The CRA will become effective after all participating countries fulfill respective domestic procedures for its entry into force.

[PBC News](#) (Currently Available in English)

H1 2014 Economic and Financial Statistics released

According to the preliminary calculation of National Bureau of Statistics, GDP in the first half of 2014 was RMB 26.9044 trillion, up 7.4% year on year calculated at comparable prices. By quarter, Q1 and Q2 saw an increase of 7.4% and 7.5%, respectively. Compared to Q1, GDP grew 2.0% in Q2. All-system financing aggregate reached 10.57 trillion yuan in the first 6 months, up 414.6 billion yuan year on year. In particular, net bond financing of enterprises was 1.30 trillion yuan, up 86.1 billion yuan year on year. From a structural point of view, in the all-system financing

aggregate, RMB loans accounted for 12.3 percent, up 0.3 percentage points. In addition, RMB settlement business for cross-border trade and for direct investment was RMB 3.27 trillion and RMB 469.9 billion, respectively in the first half.

Pilots of Cross-border RMB business innovation further expanded

Recently, the People's Bank of China (PBC) approved Tianjin Eco-city and Suzhou Industrial Park to launch innovation pilots on Sino-Singapore financial cooperation. This means that pilots related to individuals' RMB cross-border business has expanded to four areas, as Shanghai FTA and Guangdong Province had got approval earlier. It is learned that the four cross-border businesses of Tianjin Eco-City and Suzhou Industrial Park are: Singaporean banking institutions issuing cross-border RMB loans to enterprises in the pilot area, investment of RMB equity investment fund into foreign countries, enterprises in the pilot area issuing RMB bonds in Singapore, and cross-border RMB business under individuals' current accounts and under foreign direct investments accounts. The biggest highlight is that the pilots allow individuals to make RMB investment directly in foreign countries, i.e. individuals in the pilot area can establish non-financial enterprises overseas through setting up of new business, or merger and acquisition, or through equity investment using RMB, or can use RMB to make foreign direct investment and acquire ownership, control, management rights and other interests of non-financial enterprises.

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