

**Notice of the People's Bank of China (PBC) on Issues
Concerning Investment of Foreign Central Banks,
International Financial Institutions and Sovereign Wealth
Funds with RMB Funds in the Inter-bank Market**

With a view to enhancing efficiency of foreign central banks or monetary authorities, international financial institutions, and sovereign wealth funds (hereinafter referred to as relevant overseas institutional investors) investing in the Chinese inter-bank market, and in line with the relevant provisions of the *Administrative Measures on Bond Trading in the Inter-bank Bond Market* (PBC Decree [2000] No. 2) and the *Administrative Measures on Bond Registration, Depository and Settlement in the Inter-bank Bond Market* (PBC Decree [2009] No. 1), the following announcement is made on issues concerning relevant overseas institutional investors making investment in the inter-bank market:

1.To access the inter-bank market, relevant overseas institutional investors shall send by courier the original copy of the Chinese Inter-Bank Market Investment Registration Form or submit the Form through an inter-bank market settlement agent on their behalf to the PBC.

2.Upon completion of registration, relevant overseas institutional investors can conduct trading of cash bond, repo, bond lending, bond forward, interest rate swap, forward rate agreement and other transactions

permitted by the PBC. Relevant overseas institutional investors can decide on their own the size of their investments.

3.Relevant overseas institutional investors shall act as long-term investors, and conduct trading based on reasonable needs for preserving or increasing the value of their assets. The PBC will, in accordance with the reciprocity principle and macro-prudential requirements, regulate trading behavior of relevant overseas institutional investors.

4.Relevant overseas institutional investors shall entrust the PBC or other inter-bank market settlement agents capable of processing international settlement to exercise trading and settlement on their behalf. Should relevant overseas institutional investors choose inter-bank market settlement agents to conduct trading and settlement, they are required to sign settlement agency agreements and report to the PBC Shanghai Head Office for filing in accordance with relevant rules and regulations.

5.Entrusted to provide agency trading and settlement services for relevant overseas institutional investors, settlement agents may open RMB special depository accounts for relevant overseas institutional investors according to provisions in the *Notice of the People's Bank of China on Releasing the Administrative Rules for RMB Bank Settlement Accounts of Overseas Institutions* (PBC Document [2010] No. 249) and the *Notice of the People's Bank of China on Issues Concerning Opening and Using RMB*

Bank Settlement Accounts of Overseas Institutions (PBC Document [2012] No.183).

6.Settlement agents entrusted to provide agency trading and settlement services for relevant overseas institutional investors shall assist in the process of filing with the PBC Shanghai Head Office, opening bond accounts with central securities depository, and opening trade accounts with the China Foreign Exchange Trading System, abide by relevant rules, and report information about investment made on behalf of relevant overseas institutional investors to the PBC Shanghai Head Office on a regular basis.

7.National Association of Financial Market Institutional Investors, China Foreign Exchange Trading System, China Central Depository & Clearing Co., Ltd and Shanghai Clearing House shall provide quality services for relevant overseas institutional investors' investment in the interbank bond market, and conduct monitoring according to their respective responsibilities.

8.Matters not included in this *Notice* shall be governed by provisions in the *Notice of the People's Bank of China on Issues Concerning the Pilot Program on Investment in the Interbank Bond Market with RMB Funds by Three Types of Institutions Including Overseas RMB Clearing Banks* (PBC Document [2010] No.217).

9. This *Notice* shall come into force on the date of its release.

PBC Shanghai Head Office, all PBC branches, operations offices, and provincial capital central sub-branches shall forward this *Notice* to financial institutions with bond settlement and agency trading qualification within their respective jurisdictions.

(All information published in this website is authentic in Chinese. English is provided for reference only.)