

## Highlights of China's Monetary Policy in the Third Quarter of 2008

### July 2

The State Administration of Foreign Exchange, jointly with the Ministry of Commerce and the General Administration of Customs, released the *Measures for Online Verification of Collection and Settlement of Foreign Exchange from Exports* in an effort to strengthen supervision of cross-border fund flows, to improve examination of the authenticity and consistency of export transactions and the collection and settlement of foreign exchange.

### July 3

The People's Bank of China issued Notice No.12 (2008), declaring that the Delivery Versus Payment (DVP) settlement approach would be adopted in the inter-bank bond market commencing August 1, 2008.

### July 14

The People's Bank of China Monetary Policy Committee held its second regular quarterly meeting of 2008.

### July 15

The People's Bank of China reported on implementation of monetary policy in the first half of 2008 to the Finance and Economy Committee of the National People's Congress.

### August 4

The People's Bank of China, jointly with the Ministry of Finance and the Ministry of Human Resources and Social Security, released the *Notice on Improving the Management of Guaranteed Micro-loans to Promote Entrepreneurship and Employment* (PBC Document [2008] No. 238) to improve the management of guaranteed micro-loans extended to laid-off workers and to promote entrepreneurship and employment.

### August 5

The State Council promulgated the newly revised *Regulations on the Foreign Exchange System of the People's Republic of China*, effective immediately.

### August 6

The People's Bank of China, jointly with the China Banking Regulatory Commission (CBRC), the China Securities Regulatory Commission (CSRC), and the China Insurance Regulatory Commission (CIRC), released the *Opinions on Financial Support and Services for Post-Earthquake Reconstruction in Wenchuan* (PBC Document [2008] No. 225) to render comprehensive financial support and services for post-quake reconstruction in Wenchuan.

### August 15

The People's Bank of China released the *China Monetary Policy Report in the Second Quarter of 2008*.

**August 20**

The State Administration of Foreign Exchange approved the launch of a pilot program of special permission for individual domestic and foreign currency exchange business in Beijing and Shanghai.

**September 15**

The People's Bank of China announced that as of September 25 the RMB reserve requirement ratio was to be lowered by 1 percentage point for depository financial institutions, with the temporary exception of the Industrial and Commercial Bank of China, the Agricultural Bank of China, the Bank of China, the China Construction Bank, the Bank of Communications, and the Postal Savings Bank of China. The reserve requirement ratio for financial institutions incorporated in the areas worst hit by the Wenchuan earthquake would be cut by 2 percentage points.

**September 16**

The People's Bank of China decided to lower the RMB benchmark lending rate for financial institutions. The one-year RMB benchmark lending rate was cut from 7.47% to 7.20%, down 0.27 percentage points. Other benchmark lending rates were lowered accordingly. Interest rates on individual housing provident fund loans were also lowered. The rate on individual housing provident fund loans with maturities of up to 5 years was lowered from 4.77% to 4.59%, down 0.18 percentage points; and the rate on loans with maturities above 5 years was lowered from 5.22% to 5.13%, down 0.09 percentage points. The benchmark deposit rates remained unchanged.

**September 27**

The People's Bank of China Monetary Policy Committee held its third regular quarterly meeting of 2008.

**September 28**

The People's Bank of China, jointly with the CBRC, released the *Notice on Offering Financial Services to Promote the Sustainable and Healthy Development of China's Milk Industry* (PBC Document [2008] No. 275), which emphasized that efforts should be made to offer relevant financial services to safeguard the foundation of the development of the Chinese milk industry, to maintain the stability in the milk market, and to support and promote the sustainable and healthy development of the Chinese milk industry.