

## **The People's Bank of China Announcement [2013] No. 8**

### **(Online Bond Trading)**

To regulate the bond trading and settlement in the inter-bank bond market, safeguard the legitimate rights and interests of market participants and promote the healthy development of the market, relevant matters concerning further improvement of bond trading and settlement in inter-bank bond market are announced as follows in accordance with relevant regulations including the *Administrative Measures for Bond Trading in the China's Inter-bank Bond Market* (PBC Decree [2000] No. 2) and the *Administrative Measures for Bond Registration, Custody and Settlement in China's Inter-bank Bond Market* (PBC Decree [2009] No. 1).

1. Bond trading between market participants shall be concluded through the trading system of the National Inter-bank Funding Center ("CFETS"); once concluded, no bond trading can be revoked or changed.

China Central Depository & Clearing Co., Ltd. and Inter-bank Market Clearing House Co., Ltd. (hereinafter referred to as the "bond registration, custody and settlement institutions" collectively) shall not settle any bond transactions not concluded through the trading system of CFETS.

For the purpose of the Announcement, bond trading or bond transaction includes cash bond trading, bond pledged repo, bond outright repo, bond forward and bond lending.

2. In case of non-trading ownership transfer including deduction, inheritance, repayment of debts in kind and donation, the bond registration, custody and settlement institutions shall request the party concerned to submit valid legal documents.

The bond registration, custody and settlement institutions shall report to the PBC on non-trading ownership transfer on a regular basis.

3. A market participant, once obtaining the notice on registration of access to inter-bank bond market from the PBC, shall timely apply to the CFETS and the bond registration, custody and settlement institutions for bond trading networking and opening of bond account.

If a market participant has opened a bond account but has not yet connected to the CFETS, it shall entrust its settlement agent to handle networking formalities on behalf of it during the one-month transitional period from the date of releasing the Announcement, and the settlement agent shall send trading instructions to the trading system in the name of the market participant. After the end of the transitional period, the market participants failing to connect to the CFETS shall not conduct any bond transaction.

4. The CFETS and the bond registration, custody and settlement institutions shall improve relevant information checking mechanism, to ensure the consistency of basic information including market participants, basic elements of bond, bond account and fund account.

The CFETS and the bond registration, custody and settlement institutions shall improve the bond trading, custody and settlement information exchange and sharing mechanism. The CFETS shall send bond trading information to the bond registration, custody and settlement institutions on a real-time basis; and the latter shall send bond settlement information to the former on a real-time basis and send bond custody information on a daily basis.

5. The CFETS and the bond registration, custody and settlement institutions shall, according to relevant regulatory requirements on inter-bank bond market, strengthen business system development and prevent the occurrence of bond trading and settlement in violation of regulations. Meanwhile, they shall monitor relevant information as the frontline institution, timely deal with any detected circumstance and report it to the PBC.

6. The CFETS and the bond registration, custody and settlement institutions shall formulate relevant business rules and emergency plans pursuant to the

requirements of the Announcement, and report them to the PBC for approval before implementation.

7. The Announcement shall take effect from the date of issuance. In case of any inconstancy between the existing regulations on inter-bank bond market and the Announcement, the latter shall prevail.

The People's Bank of China

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