



China Bond Market Roadmap

中国债券市场发展路线图

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1. 引言

中国经济正处于重要的十字路口。通过将出口导向型经济增长提高到战略重点地位，中国成功地以劳动密集型制造业和集中的国内投资为支撑，在短短二十年时间里发展成为全球第二大经济体。尽管中国已经建立起庞大的生产能力，贸易通达全球各大市场，但金融业的发展仍有待深入，尤其是资本市场和债券市场较为落后。随着经济的继续增长，中国需要更为完善的资本市场和债券市场，促进从出口型经济向消费型的转型。

过去，中国一直重视股市市场和银行贷款，但较为忽视债券市场的发展，而真正功能齐全、开放的金融市场和高效的资本配置，有赖于一个高流动性和透明度的债券市场提供坚实的基础。成熟的国内债券市场可为政府

和私人领域提供多样性的融资机会，代替银行贷款，而政府债券市场往往还会为其他发行人创造机会。健全的债券市场也是开放资本项目管制的前提条件之一，并成为利率主导型货币政策的传递渠道。

缺乏非市场化的资本配置（包括行政命令式存贷款利率体制）及外资机构在中国初生的债券市场缺乏真正的国民待遇（尤其是在承销、做市、企业客户衍生品交易和债券结算代理人牌照方面）仍然严重阻碍中国债券市场的深一步发展。本文深入探讨建设发达债券市场的必要性、政府债券市场正常运行的关键技术因素、完善金融市场的一般性基本前提条件、中国债券市场发展的近期成就以及需要进一步考虑的其他问题。

1. Introduction

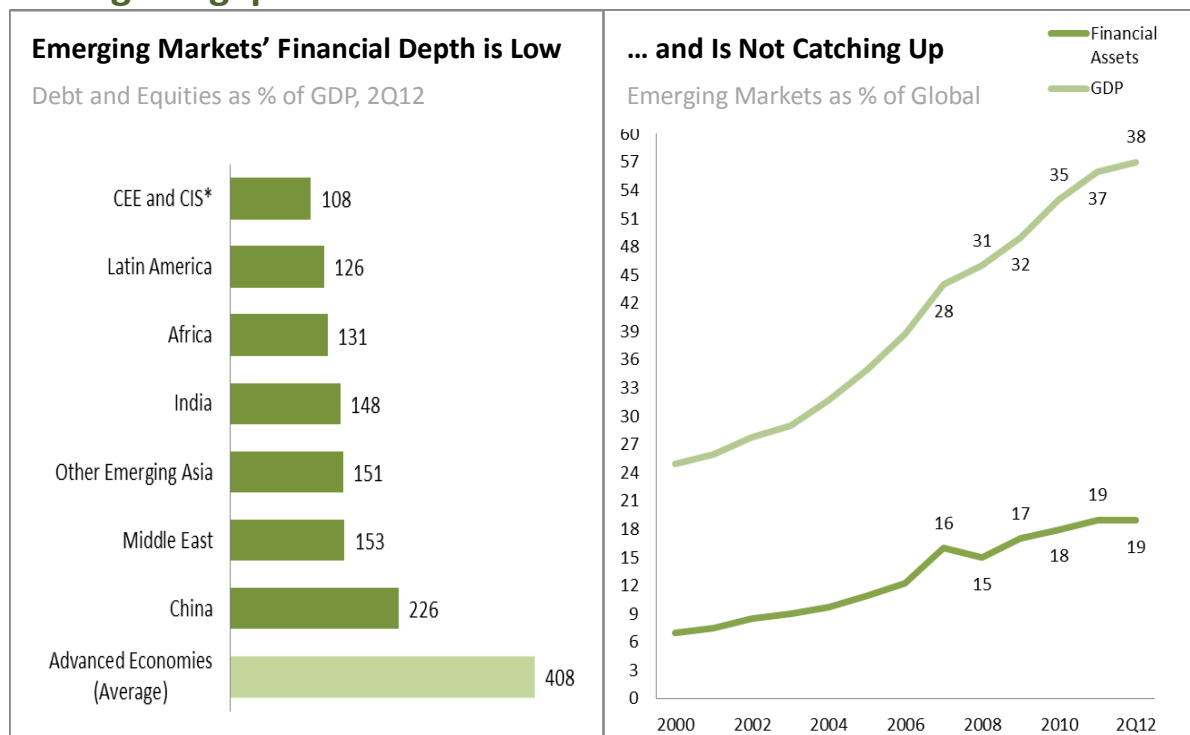
China's economy is at pivotal crossroads. With its strategic emphasis on export-oriented growth, China has transformed itself into the world's second largest economy within the last two decades, powered by a labor-intensive manufacturing sector and extensive domestic investment. However, despite its vast production capacity and trade links with global markets, China lacks depth in its financial sector, highlighted by underdeveloped capital and bond markets. For continued growth, China needs more well-developed capital and bond markets to facilitate its transformation from an export-driven economy to a consumer-led one.

Traditionally, China has focused on equity markets and bank loans at the expense of bond markets, but fully functioning, open financial markets and efficient capital allocation depend on the strong foundation of a liquid and transparent bond market. A mature domestic bond market offers a wide range of opportunities for funding the government and the private sector as an alternative to bank-

lending, with the government bond market typically creating opportunities for other issuers. Well-functioning bond markets are also prerequisites for relaxing capital account controls and are transmission channels for an interest rate-led monetary policy.

The lack of market-driven capital allocation, including an administrative loan and deposit rate regime, and the absence of true national treatment for foreign-invested institutions in China's nascent bond markets – especially with respect to underwriting, market making, derivatives trading with corporate clients, and bond settlement agent licensing – remain significant obstacles to China's further development. Detailed discussion follows of the need for well-developed bond markets, the technical aspects crucial to functioning government bond markets, the underlying prerequisites of sound financial markets in general, China's recent accomplishments with respect to bond market development, and other issues for further consideration.

Emerging markets have low financial depth – and they are no longer closing the gap with advanced economies



*Central and Eastern Europe, and the Commonwealth of Independent States
SOURCE: McKinsey Global Institute Financial Assets Database; McKinsey Global Institute analysis

2. 中国债券市场现状

截至 2012 年底，中国债券市场规模名列全球第四，在上半年超过意大利债券市场。尽管持续增长，但中国债券市场的规模仍然不足：它仅为美国债券市场的六分之一，比日本债券市场小四倍左右。

中国仍然保持二元债券市场的结构，即银行间场外债券市场和场内债券市场，但银行间债券市场的规模远远大于场内交易市场，占总交易规模的 95% 以上。2012 年，银行间债券市场增长迅速，流动性高，总交易规模达 35 万亿美元。

中国债券市场可用的主要债券类型可分为四大类：1) 政府债券，即财政部发行的债券，也包括地方政府债券；2) 央行票据。由于央票具有短期限的特点，它是中国债券市场最为活跃的部分，在货币市场和流动性管理投资组合中使用最为频繁；3) 金融债 - 政策性银行债券、商业银行债券以及其他非金融机构债券 - 这是中国交易最为频繁的债券；以

及 4) 非金融公司债券，包括企业债券、商业票据和中期票据等。

2012 年底，中国债券市场本币债券余额 23.7 万亿元人民币（约合 3.8 万亿美元），同比增加 11.2%，主要贡献来自政策性银行债券和公司债券。本币政府债券余额同比增加 8.0%，主要贡献来自政策性银行债券，后者同比增加 21.3%。亚洲发展银行提供的数据显示，中央银行债券继续拖累政府债券的增长，由于冲销操作减少和中国人民银行进一步放松货币政策，导致同比下降 37.2%。

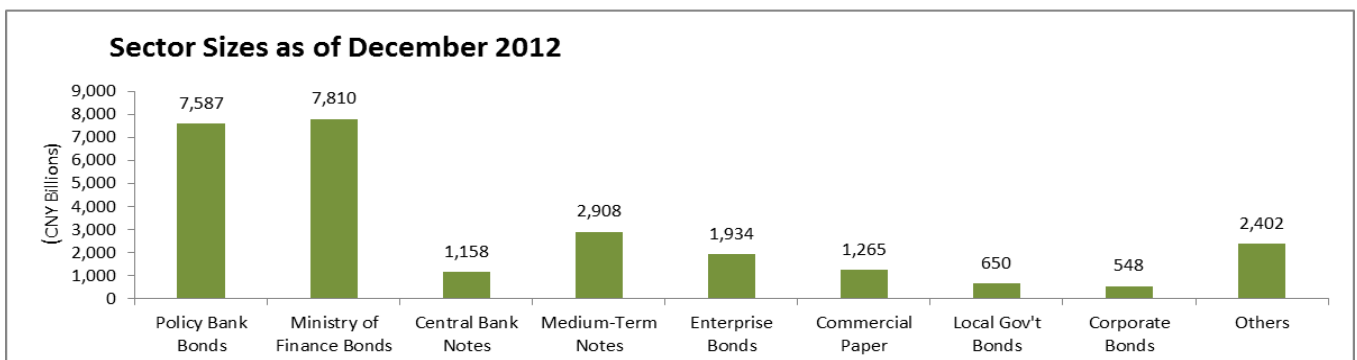
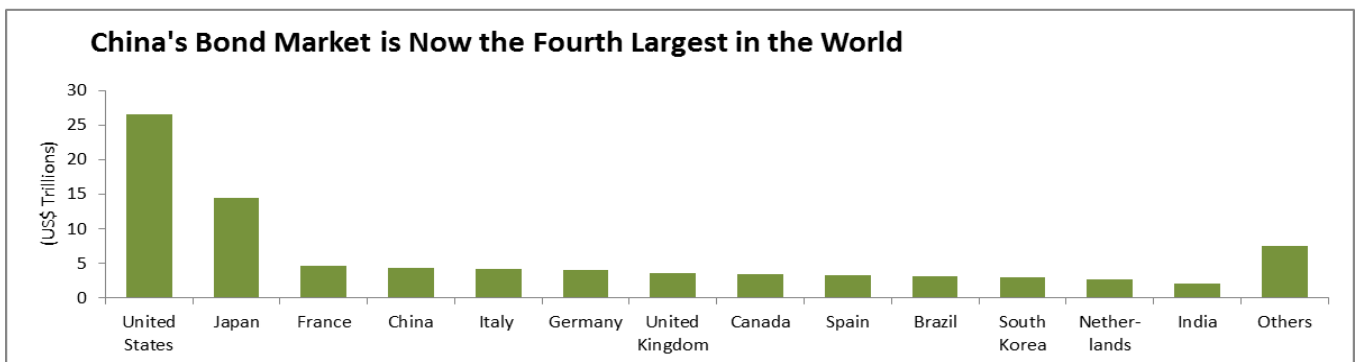
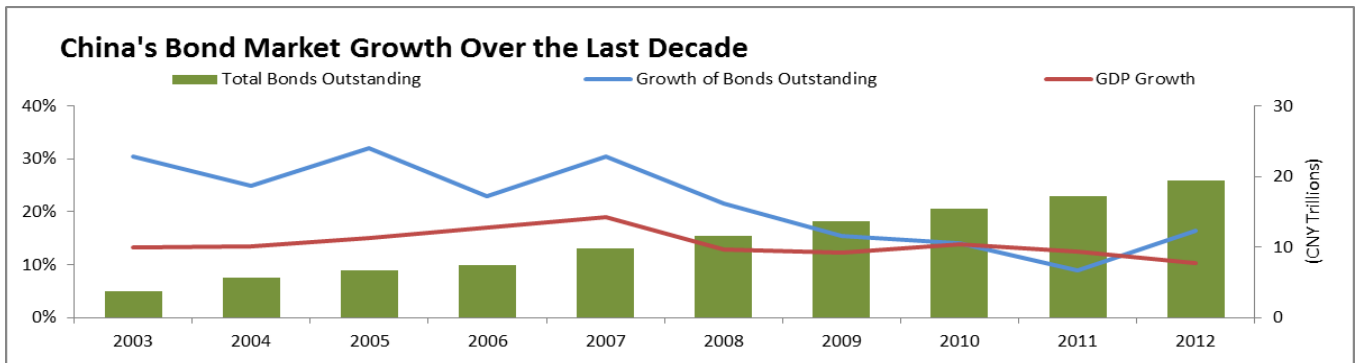
尽管中国已经成为亚洲（除日本外）第一大公司债券市场，但公司债券占整体债券市场的比重依然较小。2012 年，中国公司债券市场增长强劲，债券余额同比增加 20.8%。此外，商业银行债券同比增加 36.9%，主要是因银行为了在中国实施《巴塞尔协议 III》前充实资本，而在 2012 年第 2 季度将次级票据展期所致。

2. Current Status of Chinese Bond Markets

As of December 2012, the Chinese bond market is the fourth largest in the world, leapfrogging Italy's bond market in the early part of the year. However, despite continued growth, the Chinese bond market remains undersized: It is a sixth of the size of the U.S. bond market and about four times smaller than the Japanese bond market.

China maintains a two-bond-market structure, the Interbank over-the-counter (OTC) bond market and the Exchange bond market, however, the Interbank market is much larger than the Exchange market, accounting for more than 95% of total trading volume. In 2012, the Interbank market experienced rapid growth and high liquidity, with about USD \$35 trillion in total trading volume.

The major types of bonds available in the Chinese market can be grouped into four broad categories: 1) Government bonds, which are issued by the MOF and also include local government bonds; 2) Central Bank Notes, which are the most actively traded sector of China's bond market and are often used in money market and liquidity management portfolios due to the notes' short maturities; 3) Financial Bonds – Policy Bank bonds, commercial bank bonds, and other non-financial institution bonds – are the most actively traded bonds in China; and 4) Non-Financial Corporate bonds, including enterprise bonds, commercial paper (CP) and medium-term notes (MTN).



The amount of outstanding local currency (LCY) bonds in Chinese markets reached CNY23.7 trillion (US\$3.8 trillion) at the end of December 2012, an increase of 11.2% year-over-year (YoY), largely driven by growth in policy bank and corporate bonds. LCY government bonds outstanding grew 8.0% YoY, largely driven by the growth in policy bank bonds, which expanded 21.3% YoY. According to the Asia Development Bank, central bank bonds continued to act as a drag on government bond growth falling 37.2% YoY, a result of fewer sterilization activities and additional monetary easing by the People's Bank of China (PBOC).

Although China has become the largest corporate bond market in Asia, excluding Japan, corporate bonds still account for a relatively small portion of the total sector funding. Regardless, China's corporate bond market demonstrated strong growth in 2012, as corporate bonds outstanding grew 20.8% YoY. Additionally, commercial bank bonds grew 36.9% YoY, due largely to the carryover of subordinated notes in 2Q12 as banks sought to bolster their capital bases in advance of China's Basel III implementation.

3 . 完善资本市场的必要性

中国快速的经济增长创造了大规模的财富，但经济的可持续增长有赖于多个关键挑战的解决。过去，中国支持经济增长的金融模式以银行向国有企业贷款为中心，然后由后者向西方国家出口产品或者为地方政府基础设施项目提供资金。这一循环的最终资金来源是中国高储蓄率导致的庞大国内存款，而高储蓄率的诱因包括缺乏社会福利保障、缺乏安全的替代投资选择以及银行存款的相对安全性。毋庸置疑，这一金融模式在出口导向型经济中非常成功，但西方经济体需求的预期变化、人口的老龄化趋势以及新的基础设施需求将要求更为平衡和稳定的消费需求和支出增加推动型增长。

过去二十年来，在亚太经合组织、东盟和亚洲发展银行等区域性组织的支持下，中国金融市场不断开放，完成了多项改革。尽管中国的经济增长速度继续领先其他发达经济体，但其资本市场的结构性发展并未同步。这一局面必须改变。政府政策必须鼓励资本市场按照有利于整体经济和社会发展计划的方式发展，包括促进从出口型经济向消费型经济的转型，降低银行体系的风险集中度，为地方政府基础设施项目提供资金，建立社会保障网络，以及促进大规模的城镇化等。

在下一个十年，解决中国人口老龄化需求的方案将会大量消耗政府财政，从而减少为满足基础设施、教育、城镇化和其他方面需求而可用的公共资金。而资本市场拓展将帮助解决日益艰巨的社会保障网络扩张压力，同时为中国的城镇化和社会发展工作提供足够的长期资本。另外，尽管随着消费对经济的作用提高，支出加大会降低储蓄率，但中国的高储蓄率仍然可以通过资本市场向私人养老金和保险替代产品引导，从而可以进一步

降低人们对政府计划和国内银行机构的依赖。

此外，如果一国拥有监管规范的多元化市场，不严重依赖银行贷款，将会更容易吸引长期性国外投资。银行如果没有国家干预，一般提供短期贷款，限制为经济所提供债务的长久期限，也不会被视为中长期基础设施建设的可行融资机制。但由于中国资本市场不完善，要求国内银行向地方政府提供中长期贷款，承担沉重的不良资产压力，信用风险也集中到银行业。随着时间推移，这一做法将带来严重后果，正如 2008 年金融危机期间所见到。

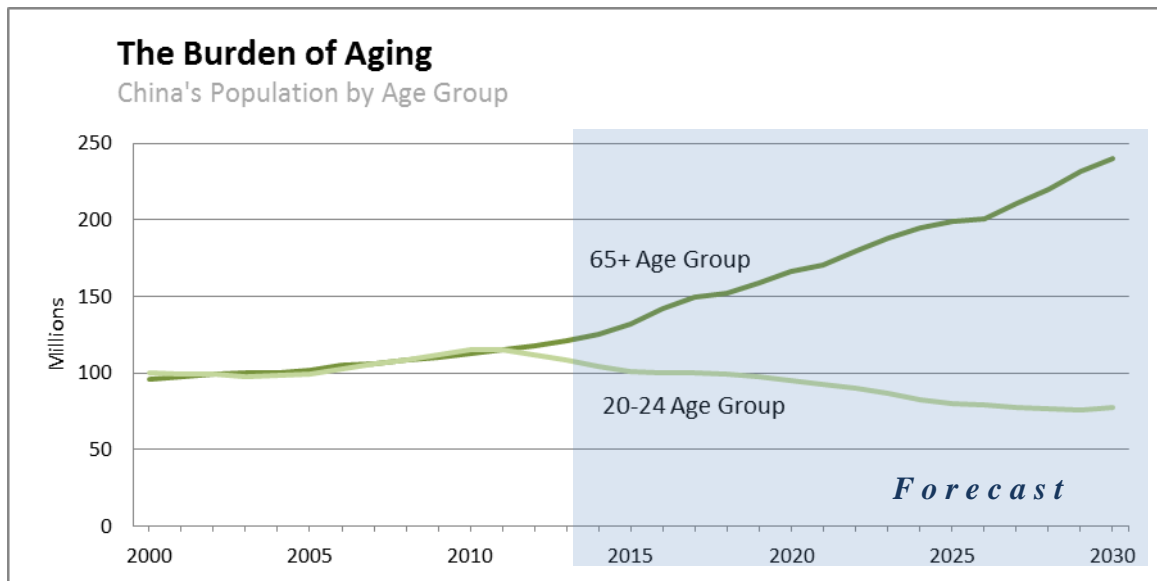
通过进一步放宽政府政策来建设稳健的资本市场，也将有助于提高市场透明度。有关中国市场中操作市场的指控和欺诈丑闻此起彼伏，使政府和监管部门面临越来越大的压力，必须正面解决问题。详实的财务报告和妥善的风险评估是资本市场正常运行的根本，这反过来也有利于完善公司治理，提高对市场的信任，符合所有市场参与者和利益攸关者的权益。

信用评级是资本市场基础设施另一个不可或缺的组成要素。中国的信用评级产业起步较晚，建立在监管部门强制要求的框架内，而不是基于投资者需求；评级质量和违约跟踪记录有限，在监管合规之外的市场接受度较低。金融市场的进一步改革应当促进信用评级产业的发展，突出透明度、客观性和独立性。这些改革应当以保护投资者权利，鼓励信用评级产业的良性竞争为宗旨。在此方面，我们认为境内外评级机构的共同参与将

3. The Need for Well-Developed Capital Markets

China's rapid growth has led to significant wealth generation, but key challenges must be addressed for that growth to continue in a sustainable fashion. In the past, China's financial model to support economic growth revolved around bank-lending to state-owned enterprises (SOEs), who in turn exported products to the West or financed municipal infrastructure projects. This cycle was ultimately funded by China's large base of domestic deposits, which are the result of high saving's rates driven by the absence of a social welfare programs, lack of safe alternative investment options, and the relative security of bank deposits. While this financial model is undoubtedly successful in an export-driven economy, expected changes in demand from Western economies, an ageing demographic, and new infrastructure needs will require a more balanced and stable growth model fueled by consumer demand and increased spending.

It is true that China's financial markets have already benefitted from increased openness and a range of reform efforts over the last two decades, supported by regional organizations such as APEC, ASEAN and the ADB. Nevertheless, while the pace of economic growth in China continues to exceed that of other developed economies, the structural development of its capital markets has not kept pace. This must change. Government policies must encourage the development of capital markets in ways that will support its widespread economic and social development initiatives including: furthering its transition from an export-driven economy to a consumer-driven economy, reducing the concentration of risk in the banking system, funding municipal infrastructure projects, developing social safety nets and fostering its sweeping urbanization program.



SOURCE: The Brookings Institution

In the next decade, programs to address the needs of China's aging population will stretch government finances, making less public money available for infrastructure, education, urbanization, and other needs. However, expanded capital markets can help cope with rising pressure to extend social-safety nets, while at the same time providing enough long-term capital to fund China's urbanization and social development efforts. Moreover, the country's high savings rate, even if reduced by

greater spending in a more consumer-driven economy, can be funneled through capital markets into private pension and insurance alternatives that could further reduce the population's reliance on government programs and domestic banking institutions.

Additionally, long-term foreign investment is more readily attracted to countries with well-regulated, diverse markets than those heavily reliant on bank-lending. Banks that are free of

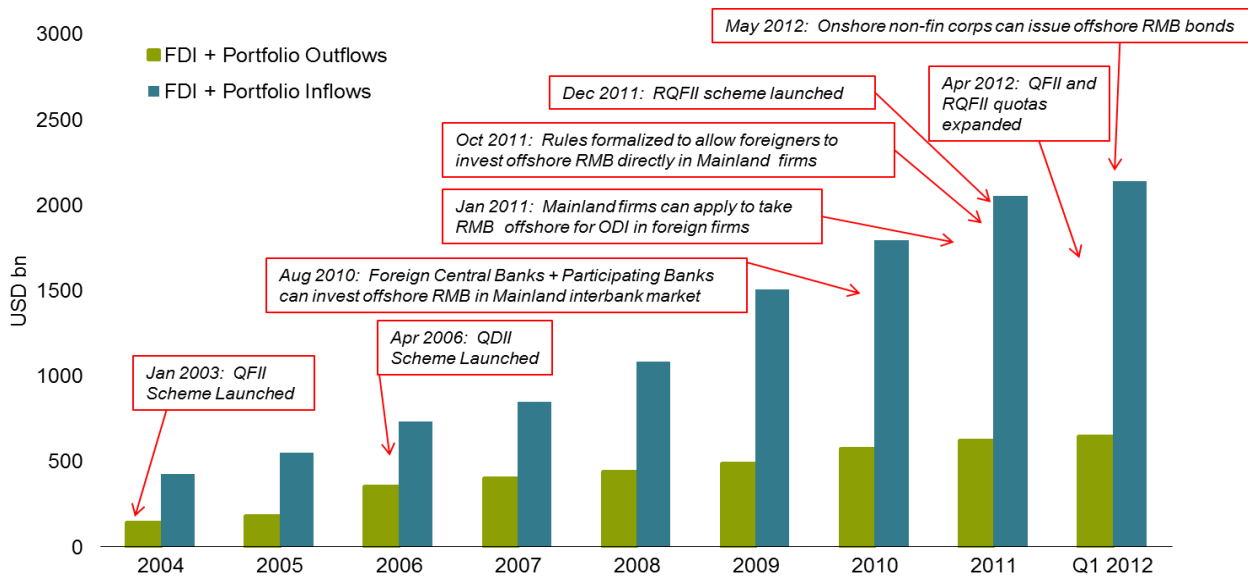
可以促进竞争，帮助提高整体分析水平和透明度。

促进区域发展平衡、扩大社会保障网络、提高生产率和维持高速增长仍然需要建设大量基础设施，这要求高效地调动私人 and 公

共资本。要保持可持续的经济增长，中国必须出台政府政策，促进资本市场的发展，拓宽融资和投资渠道，以补充并最终代替目前以银行贷款为主的模式，并向消费型经济转型。

state direction traditionally lend short-term, limiting the duration of debt available in the economy and are not seen as a viable funding mechanism for longer-term infrastructure development. However, China's underdeveloped capital markets require domestic banks to make

longer-term loans to municipalities, saddling them with underperforming assets and concentrating credit risk in the banking sector. This practice, over time, has considerable consequences, as seen in the 2008 Financial Crisis.



The development of robust capital markets through more accommodative government policies will also help increase market transparency. The rash of market manipulation accusations and fraud scandals affecting Chinese markets has put an increasing amount of pressure on the government and regulatory authorities to address the problem head on. Extensive financial reporting and proper risk assessment are fundamental to well-functioning capital markets, which in turn supports better corporate governance and instills greater trust in the marketplace, to the benefit of all market participants and stakeholders.

Credit ratings are another indispensable component of capital market infrastructure. The credit rating industry in China started relatively late and within a framework of regulatory compulsion, not investor demand; there is a limited track record on ratings quality and default, as well as limited market acceptance outside of regulatory compliance. Further reform of the financial markets should facilitate

the development of a credit ratings industry that exemplifies transparency, objectivity, and independence. These reforms should aim to protect investors' rights and encourage healthy competition in the credit ratings industry. In this regard, we believe that the participation of both domestic and foreign credit rating agencies would provide more competition and help improve overall standards of analysis and transparency.

The substantial infrastructure still needed to spread development geographically, extend social safety nets, improve productivity and sustain high economic growth requires the efficient mobilization of private and public capital. To ensure continued and sustainable growth, China must enact government policies that allow for capital market development and broaden the array of financing and investment possibilities to complement, and ultimately replace, the current bank-lending model and transition to a consumer-economy.

4. 建设更稳健的债券市场

债券市场（包括政府债券和公司债券）的进一步发展将极大地促进中国整体金融市场的发展，尤其是《巴塞尔协议 III》全面实施后。建设更稳健的债券市场对于一直受到不良资产积累而拖累的中国银行业的发展尤为

重要。下文将详细讨论保持政府债券和公司债券市场正常运行的关键技术因素、完善金融市场的一般性基础前提条件以及需要进一步考虑的其他问题。

A. 利率市场化

债券市场的蓬勃发展，首先要实现利率的市场化。由于基准利率人为地设定为百分之六，中资银行不得不通过存款赚取利润。为了吸引利率较低的存款，部分境内商业银行开始向客户赠送礼品。这类行为显示受到压制的存款利率并未反映市场利率水平。中国对利率的管制也扭曲了一级市场的承销，因为风险无法正确评定，发行与定向募集几乎无异。

进一步放开利率和资本管制，将迫使银行加强创新和多元化，缩小净利差和利润空间，促进中国银行业的发展。这虽然看起来不太显而易见，但可立即促使银行增加对中小企

业的贷款，提高银行的回报率，保持金融机构的盈利能力。此外，这也可能有利于银行业改变业务模式，从过度依赖存款利息收入转向重视向客户提供综合多样性的服务（包括提供资本市场产品）。

去年，中国人民银行允许商业银行在贷款基准利率的基础上下浮 30%，在存款基准利率（目前为百分之三）的基础上上浮 10%，利率体制有所松动。亚洲证券业与金融市场协会赞赏这些行动，鼓励继续逐步放开利率，从而促进存贷款利率的市场化。这是一项必须随着中国资本市场的发展而实施的核心改革。

B. 政府债券

政府债券市场在大部分国家都居于金融市场的核心地位。这一主要市场板块的发展将有利于公共债务管理机构以成本高效的方式从市场中募集资金。此外，政府证券市场也为其他金融市场的高效定价提供了基准收益率曲线。高效的政府证券市场，往往被视为（尤其是）是公司债务市场发展的一个关键前提条件。

另外，政府证券市场也是整合境内各金融市场板块的渠道，有助于建立境内外金融市场之间的重要联系。该市场也将成为利率主导型货币政策发挥作用的渠梁—这是从计划经济向市场经济转型的一个重要里程碑—并成为机构投资者多元化投资组合中的无风险资产。建立稳健、流动性好的政府债券市场，是中国资本市场和经济发展的关键。

C. 基准收益率曲线

基准收益率对于一级市场和二级市场的高效运行都至关重要。它不仅是衡量主导利率结构、市场对未来利率波动的预期以及通胀的

晴雨表，也是对冲特定市场风险的手段。由于债券市场的许多分析及定价活动都围绕收益率曲线进行，一个以高流动性债券市场为

4. Establishing More Robust Bond Markets

The further development of bond markets – both government and corporate – will contribute significantly to overall financial market expansion in China, especially when Basel III is fully implemented. The development of more robust bond markets is also particularly important to the evolution of the Chinese

banking sector, which has been stifled by the buildup of non-performing loans. The sections below will detail the technical aspects crucial to well-functioning government and corporate bond markets, the underlying prerequisites of sound financial markets in general, and other issues for further consideration.

A. Interest Rate Liberalization

The first step to fostering a vibrant bond market is interest rate liberalization. Because the base interest rate is artificially set at six percent, Chinese banks are forced to generate profits through deposits. In the intensifying competition to attract deposits with relatively low rates, some domestic commercial banks have started to hand out gifts as rewards to their customers. This kind of behavior demonstrates that the repressed interest rates for deposits do not reflect market rates. China's controlled interest rate regime also distorts primary market underwriting as risk cannot be properly priced and issues are little more than private placements.

Further liberalization of interest rates, and capital controls, will benefit the Chinese banking industry by forcing banks to become more creative and diversified, narrowing the net interest margin and shrinking the room for profits. On its face, this seems counter-intuitive, but it would immediately create incentives to

increase lending to small- and medium-sized enterprises, a sector in which banks enjoy higher returns, to maintain the financial institutions' profitability. Additionally, it could help enable the banking industry to change its business model from one that overly relies on income from interest on deposits, to one that focuses on providing comprehensive and diversified services to customers, including capital markets products.

Last year, the PBOC improved the flexibility of the interest rate regime by allowing banks to offer as much as a 30 percent discount on the key lending rate and permitting deposit rates up to 10 percent higher than the benchmark (currently set at three percent). ASIFMA applauds these actions and encourages continued, gradual liberalization so that deposits and loans can be increasingly priced at market rates. This is a core reform that must be implemented as China's capital markets develop.

B. Government Bonds

The government bond market is at the core of financial markets in most countries. The development of the primary segment of this market enables the managers of public debt to raise resources from the market in a cost effective manner. The government securities market also provides the benchmark yield curve for the efficient pricing of other financial markets. The existence of an efficient government securities market is generally seen as an essential precursor, in particular, for development of the corporate debt market.

Furthermore, the government securities market acts as a channel for the integration of various

segments of the domestic financial market and helps to establish important connections between domestic and external financial markets. This market will also be used as a channel for interest rate-led monetary policy – a milestone in the transition from a managed-economy to a market-driven economy – and as a riskless asset in the build-up of diversified portfolios by institutional investors. The establishment of a robust, liquid government bond market is the linchpin to the development of China's capital markets and the evolution of its economy.

基础的共同基准收益率曲线，是金融业高效配置资本和政府决策者衡量市场预期的一个关键要素。

在中国市场，对于不同给定期限的交易最为活跃的债券（被称为“指标”债券），基准收益率曲线已经存在，但该基准的准确性值得怀疑。中国最大型的国有银行承担购买政府债券来满足其流动性需求的任务，因此往往会将这些债券持有至到期。此外，中国的国有银行购买和持有政府债券时享受税收优惠，也是他们坚持这项操作的动机之一。市场参与者担心这种情况将使收益率曲线缺乏实际意义，因为这些债券的收益率并不能反应市场状况。亚洲证券业与金融市场协会强烈建议监管部门取消国有银行购买政府债券时享受的税收优惠，并扩大可用于满足银行流动性要求的金融工具范围。

D. 二级市场交易

建立政府债券二级市场是中国债券市场整体发展不可分割的一部分，将为所有类型的市场参与者提供多方面的重要好处。更重要的是，二级市场将有利于建立“无风险”参考收益率曲线和“无风险”资产（类似于美国国债），支持成熟的公司债券和货币市场的发展，有利于政府以较低的融资成本借入中长期资金——从而方便政府为大型的全国性基础设施和城镇化计划融资。此外，二级市场可以在危机期间起到缓冲作用，帮助市场参与者高效地管理风险，从而促进金融稳定，降低系统性风险。

政府债券的二级市场的七个基本要求如下：1) 严格的发行和再发行计划，支持大规模的基准发行（如上文所指出）；2) 高流动性的“传统”定期回购市场，方便政府债券的卖空；3)

另外，中国政府可能还需要重新审视银行贷存比的法定上限（目前为 75%）。随着外资流入放缓和银行风险管理制度的完善，该上限已经成为一项制约公司债券市场进一步发展的因素。取消该上限将有利于市场成长，并进一步减少国有银行购买并持有政府债券的动力，完善政府债券市场的投资渠道并提高流动性。

亚洲证券业与金融市场协会赞赏中国财政部在 2012 年增加再发行规模并推出预发行，为“指标”政府债券创造了更深的基准，并改善了收益率曲线上特定点位的流动性。但中国必须进一步提高基准收益率曲线的可靠性。梳理政府债券市场的渠道并提高透明度、流动性和效率，发展二级债券市场，创造稳定的基准收益率曲线，并成功消除市场忧虑。

活跃、高流动性的政府债券期货市场；4) 丰富的高流动性场外衍生品合约和场内衍生品合约；5) 高质量、高效率和高成本效益的电子询价、交易、清算及结算平台；6) 庞大、活跃的境内外投资者群（如养老基金）；7) 有利于市场的监管、会计和税收体制：无预扣税和交易税等。这些要求将在下文详细介绍。

为了有效实施相关制度，我们建议中国人民银行和财政部要求做市商为每个基准期限的四种最新发行的政府债券提供双向报价，这也可以提高市场流动性。尽管如此，由于下文所讨论的多方面原因，加上中国银行为满足流动性要求而持有债券，政府债券二级市场仍然受到流动性缺乏的困扰。

C. Benchmark Yield Curve

Benchmarks play a critical role in the efficient functioning of both the primary and secondary bond markets. They are used as a bellwether to gauge the predominant interest rate structure, the market's expectations for future interest rate fluctuations and inflation, and provide hedging vehicles against certain market risks. The existence of a common benchmark yield curve, grounded on a liquid government bond market, is a key element for the financial sector to reach efficient capital allocation and for government policy makers to gauge market expectations, as much of the analysis and pricing activity that takes place in the bond markets revolve around the yield curve.

A benchmark yield curve currently exists in Chinese markets for the most actively traded bonds across a range of given maturities – which are called the “on-the-run” issues – but the accuracy of the benchmark is suspect. China's largest, state-owned banks are tasked with buying government bonds as part of their liquidity requirements and therefore, tend to hold them until maturity. Additionally, China's state-owned banks receive preferential tax treatment when they purchase and hold government bonds, providing an incentive for them to continue the practice. Market participants have expressed concern that this dynamic renders the yield curve effectively meaningless because the yield on these bonds do not reflect market conditions. ASIFMA

D. Secondary Market Trading

The establishment of a secondary market for government bonds is integral to the overall development of the Chinese bond market and provides several important benefits to market participants of all types. More specifically, a secondary market allows for the establishment of “risk free” reference yield curves and “risk free” assets (like U.S. Treasury Bonds), supports the development of sound corporate debt and money markets, and enables the government to borrow for longer terms at lower funding costs – allowing the government to fund large, country-wide infrastructure and urbanization programs. Additionally, the secondary market promotes financial stability and lowers systemic risk by acting as a shock-absorber during crisis and facilitating cost-effective risk management for market participants.

strongly urges regulators to eliminate the preferential tax treatment granted to state-owned banks when they hold government bonds, and broaden the range of financial instruments that can be used to satisfy bank liquidity requirements.

Further, it may be time for Chinese authorities to reevaluate the mandatory cap on banks' loan-deposit ratio (currently set at 75 percent). Given the slowdown in foreign capital inflows and banks' improved risk management regimes, the cap has become a restraint to the further growth of the corporate bond market. Lifting the cap will bolster market growth and further reduce incentives for state-owned banks to purchase and hold government bonds, increasing access and liquidity in the government bond market.

ASIFMA applauds the MOF for increasing reissuances in 2012 and introducing when-issued trading, which created a deeper benchmark for “on-the-run” government bonds and improved liquidity at certain points along the yield curve. However, the reliability of China's benchmark yield curve must continue to be improved. Increasing access and enhancing the transparency, liquidity and efficiency of the government bond market, as well as developing a secondary bond market, will generate a stable benchmark yield curve and successfully allay market concerns.

A government bond secondary market relies on seven basic requirements: 1) Disciplined issuance and reissuance programs to support large benchmark issues (as noted above); 2) Liquid “classic” term repo markets that allow easy short selling of government bonds; 3) Active, liquid government bond futures markets; 4) A broad range of liquid OTC derivatives contracts and exchange-traded derivatives contracts; 5) High-quality, efficient and cost-effective electronic price discovery, trading, clearing and settlement platforms; 6) A broad, active domestic and foreign investor base (e.g., pension funds); and 7) Market friendly regulatory, accounting and tax regimes: no withholding taxes and no transaction taxes. These requirements are expanded upon below.

E. 回购市场

“传统”债券回购市场是指做口保证金要求采用标准实践并且债券所有权随协议实际转移的系统。这方便市场参与者将其所持有的债券用于更多的目的，例如进一步回购、空头平仓、证券借贷或作为抵押品等。质押回购系统并不允许这些活动，由于所有权不随同转移。

但须强调“做空：能力是做市的根本所在。做市商对于任何市场的流动性发展都至关重要，但并不是所有的做市商在任何给定时间都库存有每种工具。尽管如此，如果他们确信有能力按良好的价格借入并交付工具，他们仍将会向客户报价，这是传统回购市场的特点。这极大增强了现货市场的流动性，并因此成为债券期货市场和场外衍生品市场发展的一个关键前提，因为这要求具有充分流动性的现货市场。

F. 期货市场

当现货市场具备充分流动性后，中国应进一步发展政府债券期货市场。一个活跃、流动性好、接受密切监管的政府债券期货市场将允许市场参与者迅速对冲大额头寸，更有效地减轻风险，同时深化相关债券和衍生品市场。其他国家的经验表明，债券期货可以增强相关现货市场的流动性，因为市场参与者可以更有效地管理债券库存风险。此外，债券期货市场尤其对做市商有利，因为期货可使他们对冲头寸，从而降低风险并进一步缩小买卖价差。

为了准备最终推出债券期货，中国金融期货交易所（CFFEX）已经“模拟交易”债券期货近

另外，回购也方便一级交易商利用更多的对冲策略来对冲风险。特别是由于回购属于担保交易，扩大了融资市场，并成为货币市场、债券市场、期货市场和场外衍生品市场之间的关键纽带。

2012年中国的回购交易规模增长迅速，但期限相对较短，高达85%的属于担保质押，不涉及所有权的转移，意味着并不是真正的回购。更重要的是，中国回购市场仍然受到回购利率不稳定的困扰。这主要是因为中国人民银行倾向于使用量化货币政策工具，而不是“价格”工具，造成市场参与者很难根据七天回购利率准确对风险进行定价和开展利率掉期交易。最近中国回购市场改革和发展的措施包括中国银行间市场交易商协会在最近推出了中国版全球回购主协议和中国银行间市场交易商协会文件，这都是向正确方迈出的重要步伐，但具有充分流动性和活跃性的传统回购市场在中国仍然虚无缥缈。

两年。但发展高流动性的债券期货难度极大，因为相关现货市场流动性太低，债券价格和收益率具有严重的不确定性。期货合约还要求充分的空头供应，以在合约到期时随时取得可用于交割的债券。此外，如果合约设计不当，合约作为对冲工具和价格发现的价值将极为有限，即使投机性参与会在初期带来较高的交易量。因此，中国金融期货交易所、整个行业和监管部门需要特别谨慎，确保在推出前充分理解并解决这些挑战。

亚洲证券业与金融市场协会欣赏中国金融期货交易所的模拟交易计划，乐见该交易所在近期增加四种新的产品类型 — 政府债券期

We commend PBOC and MOF for effectively implementing rules requiring market makers to show two-way quotes on the four most recently issued government bonds for each benchmark tenor, a move that also enhances market

liquidity. Nevertheless, the secondary government bond market still suffers from a lack of liquidity for the various reasons discussed below as well as the hoarding of bonds by Chinese banks for liquidity requirements.

E. Repo Market

A “classic” bond repurchase (repo) market refers to a system within which margining of exposures is standard practice and the bond title is actually transferred as part of the agreement. This allows market participants to use the bonds they hold for additional purposes, such as further repos, covering short positions, securities lending, or collateral. A pledge repo system does not allow these activities as the title is not transferred.

It is important to emphasize that the ability to ‘go short’ is fundamental to market-making. Not all market-makers, who are critical for developing liquidity in any market, have access to every instrument in their inventory at any given time. Nevertheless, they will still quote a price to a client if they are confident in their ability to borrow and deliver that instrument at a good price, which a classic repo market allows. This significantly enhances liquidity in the cash market and thereby serves as a key prerequisite for the development of the bond futures market and the OTC derivatives market, which requires a sufficiently liquid cash market.

Repos also allow primary dealers to hedge risk with a wider array of hedging strategies. Importantly, because repos are secured transactions, they broaden funding markets and serve as a critical link between money markets, bond markets, futures markets and OTC derivatives markets.

Repo transaction volumes in China grew throughout 2012, but remained relatively short term, with as much as 85 percent being pledged as a security and involving no title transfer, meaning they did not function as true repos. More importantly, China’s repo market still suffers from an unstable repo rate. This is largely the result of the PBOC’s preference for using quantitative monetary instruments over ‘price’ instruments, which makes it very difficult for market participants to price risk accurately and trade interest-rate swaps based on seven-day repo fixing. Recent efforts to reform and develop China’s repo market, including NAFMII’s recently introduced local GMRA agreement and The NAFMII Documents, are important steps in the right direction, but a fully liquid and active classic repo market remains elusive in China.

F. Futures Markets

Once the cash market is sufficiently liquid, China should further develop its government bond futures market. An active, liquid, and closely supervised government bond futures market would allow participants to hedge large-value positions quickly and reduce risk more effectively, while at the same time deepening the underlying bond and derivative markets. The experience of other countries shows that bond futures enhance the liquidity of the underlying cash markets as market participants are able to manage the risk of their bond inventories more effectively. Additionally, bond futures markets are particularly beneficial to market-makers because futures enable them to hedge their positions, thus reducing risk and allowing them to offer tighter bid-ask spreads.

In preparation for the eventual launch of bond futures, the China Financial Futures Exchange, or CFFEX, has been “mock trading” bond futures for almost two years. However, developing liquid bond futures is a challenge in an environment where the underlying cash market is too illiquid and bond prices and yields are subject to considerable uncertainty. Futures contracts also require sufficient underlying supply for those with short positions to readily obtain deliverable bonds at contract expiration. Additionally, if contract design is faulty, the contracts’ value as hedging tools and for price discovery would be limited, even if speculative participation leads to high initial volumes. Hence, CFFEX, the industry, and regulators will need to proceed carefully to

货、股指期货、第二轮股指期货和外汇期货。在监管部门和中国金融期货交易所努力解决的市场担心的结构性问题方面，亚洲证券业与金融市场协会建议同时提高参与性。期货市场必须能够创造可观的流动性才能正常运行，因此推出的难度不言而喻。目前交

易所有 170 家境内经纪商，但只有 4 家境外参与者，而现行规则不允许中国期货经纪商开展自营买卖。为了确保市场具有发展所需的充分流动性，必须允许内外资证券机构和银行入市交易。

G. 利率掉期

利率掉期是固定收益市场不可或缺的一部分。这些衍生品合约一般用固定利率付款来交换（即调换）浮动利率付款（通常基于伦敦银行间同业拆借市场浮动利率），是投资者的一项关键工具，他们一般使用这些合约来对冲、投机和管理风险，为固定收益市场创造更大的流动性。利率掉期是衍生金融工具的一个典型例子。按照最普遍通用的条款，衍生工具是指其价值来源于相关市场收益、市场价格或价格指数的协议。

利率掉期尤其可以协调在不同市场拥有优势地位的交易双方，从而方便企业更高效地利用全球市场。由于这些掉期的流动性极高，含有内置的远期利率预期以及信用成分，掉期利率曲线已经成为信贷市场的一个重要利率基准，在部分情况下已经取代了美国国债

收益率曲线。因此，中国迫切需要发展利率掉期市场，以便增强中国的公司债券市场。

掉期还有利于境内外企业对冲利率风险，因为这可以减少未来现金流的不确定性，并让企业调整期债务条件，利用当前或预期的未来市场条件。基于以上优点，利率掉期成为降低偿债所需资金的金融工具。

尽管存在交易对手方可能无法履行义务的一定风险，也就是在全球金融危机期间所暴露出的风险。但国际监管界已经认识到这一风险的严重性，并建议实施强制性的集中清算、双边保证金要求和建立法人实体标识符（LEI）等。这些改革将允许监管部门在风险系统化之前快速发现风险的积累，极大的增强这些产品的安全性。

H. 有关违约轧差的债权人权利

为了促进回购和其他衍生品市场的发展，必须强化和完善有关债权人权利的规则，以确保对交易和合约执行能力的信心。这对主协议下典型的衍生品交易和合约尤为重要，往往通过抵押品进行担保。

这需要明确修改中国法律以承认违约轧差这一所有发达金融市场的成熟实践。如果发生破产，违约轧差将允许所有被终止的交易进行计价和轧差，从而仅由其中一方当事人支付净额。违约轧差允许一方当事人计算其相对于特定对手方的敞口金额，降低了信用风

险。违约轧差还可以降低成本，允许有关当事人更高效地使用信用额度，以最低的准备金来覆盖敞口。由于违约轧差在中国的可执行性尚不明确，一家银行对中方交易对手的风险敞口将以总额纳入监管资本金的计算。由于实施《巴塞尔协议 III》将增加资本金成本，对风险加权资产的影响远远大于非轧差交易，造成成本明显增加。这也将造成中国很难发展高流动性的衍生品和回购市场，而两者是资本市场对境外投资者具有深度、流动性和开放性的必要条件。

ensure that these challenges are fully understood and overcome prior to launch.

ASIFMA is encouraged by the CFFEX mock trading program and welcomes the addition of four new product types – government bond futures, stock index options, a second round of index futures, and foreign exchange futures – to the exchange in the near future. As regulators and CFFEX work to address structural concerns with the market, ASIFMA urges them to increase

participation as well. Futures markets are notoriously difficult to launch because they must generate a significant amount of liquidity to be viable. Currently there are 170 domestic brokers, and only four foreign participants, but Chinese futures brokers are not allowed to trade from their own account under the current rules. In order to ensure the market has enough liquidity to develop, securities houses and banks, both foreign and domestic, must be permitted to trade in the market.

G. Interest-Rate Swaps

Interest-rate swaps are an integral part of the fixed-income market. These derivative contracts, which typically exchange – or swap – fixed-rate interest payments for floating-rate interest payments (usually based on LIBOR floating rate), are an essential tool for investors who typically use them to hedge, speculate, and manage risk, and generate greater liquidity in fixed-income markets. The interest-rate swap represents one example of a general category of financial instruments known as derivative instruments. In the most general terms, a derivative instrument is an agreement whose value is derived from some underlying market return, market price, or price index.

Importantly, interest-rate swaps allow companies to take advantage of the global markets more efficiently by bringing together two parties that have an advantage in different markets. Because these swaps are highly liquid and have built-in forward rate expectations, as well as a credit component, the swap rate curve has become an important interest-rate benchmark for credit markets that, in some cases, has supplanted the U.S. Treasury yield curve. Therefore, it is imperative that China

develop an interest-rate swap market as it works to enhance its corporate bond market.

Swaps also help companies, both foreign and domestic, hedge against interest-rate exposure by reducing the uncertainty of future cash flows and allowing companies to revise their debt conditions to take advantage of current or expected future market conditions. As a result of these advantages, interest rate swaps are used as financial tools to lower the amount needed to service a debt.

There is some risk associated with the possibility that the other party will fail to meet its obligations, a risk that was exposed by the Global Financial Crisis. However, international regulators have recognized the seriousness of this risk and are recommending the implementation of mandatory central clearing, bilateral margining requirements, and the creation of a Legal Entity Identifier (LEI). These reforms allow regulators to quickly identify a buildup of risk before it becomes systemic, significantly increasing the safety of these products.

H. Creditor Rights with Regard to Close-Out Netting

For the repo, and other derivatives markets to grow, the rules governing creditors' rights must be strengthened and improved in order to ensure confidence in the enforceability of transactions and contracts. This is particularly important for derivatives transactions and contracts typically traded under master agreements and often secured by collateral.

A clear change to Chinese law is required to recognize close-out netting, an established practice in all advanced financial markets. In a bankruptcy scenario, close-out netting allows all

terminated transactions to be valued and netted so that only a net amount is payable by one of the parties. Close-out netting reduces credit risk by allowing a party to calculate its exposure to a particular counterparty on a net basis. Close-out netting will also result in cost reduction, allowing parties to use credit lines more efficiently and maintain lower reserves to cover exposure. Because of uncertainty regarding the enforceability of close-out netting in China, a bank's exposure to a Chinese counterparty will be treated on a gross basis for regulatory capital purposes. With the increased

尽管中国政府或监管部门并未明确反对违约轧差，但违约轧差的应用和效能必须结合中国法律的以下方面考虑：(1) 中国没有轧差法律，与“轧差”最接近的概念是中国《合同法》所允许的“抵销”；(2) 《2006 年企业破产法》赋予债权人的抵销权受到时效性限制，债权人须向破产管理人提出抵销申请并经破产管理人正式批准；(3) 抵销程序受破产管理人的“酌情决定”限制；(4) 无力偿债公司的债权人在下列情况下不能抵销其债务：(a) 其在破产申请受理后取得他人对债务人的债权的；(b) 债权人已知债务人不能清偿到期债务，对债务人负担债务的；(c) 公司已经提交无力偿债申请的，除非此类债务是由法律要求而产生，或因破产申请一年前所发生的原因而负担债务的。

破产程序启动后有关抵销的规定在中国尚未接受实践检验，有关其解释和运用也有多方面的不确定性。例如，目前《破产法》第 40

1. 公司债券市场

由于中国经济的宏观形势最近发生变化，公司债券市场经历了爆炸性增长，尤其是非金融公司债。标准普尔的数据显示，中国非金融公司债券市场预计将在 2015 年前超过美国成为全球第一大公司债市场。但中国公司债市场尚不成熟 — 中国 100 强企业中有 80 家为国有企业 — 而市场普遍预计未来几年经济增速将会放缓，或者可能会出现经济调整，而这可能会造成市场脱轨。此外，公司债券仍然按绝对收益率发行，而不是相对于基准的利差发行（国际标准做法），使公司很难进行财务规划。随着中国储蓄率的下降，存款增速放缓，银行流动性将更加紧张，导致企业借款人贷款增速下降。这些情况的后果造成中国迫切需要进一步发展该市场，因为私人企业希望通过更高效、稳定的方式满足其融资需求。

条并未明确说明在满足该条规定所有条件的情况下，破产管理人是否有义务允许抵销，或者管理人在决定时可能考虑的其他标准。此外，根据《破产法》的规定，管理人还有可能酌情选择合同而不是单一协议下的所有交易结算净敞口。正是以上法律不确定性涉及银行计算监管资本金时对有关信用敞口的处理，资本金成本也因而增加。

通过明确的立法、最高人民法院书面司法解释或者行政法规澄清抵销的可执行性，并延伸到违约轧差，则对抵押品的使用以及对合格的金融合约不使用酌情决定权，将会增强中国境内衍生品协议，为市场参与者提供更大的确定性。中国人民银行和中国银行间市场交易商协会据说已经与最高人民法院就这些问题进行了讨论，但迄今为止，中国监管部门和最高人民法院尚未发布澄清或解释。亚洲证券业和金融市场协会鼓励中国政府加快考虑并在近期制定有关这些问题的指引。

在中国，成熟的公司债券市场将具有多方面的作用。首先，它将有利于企业募集资金，即使该企业不是大型境内商业银行的重点客户。如今，中国拥有全球最具创业精神的经济之一，新公司不断涌现，其中不乏成功立足并创造就业岗位的公司。但大部分新公司规模一直较小，因为缺乏适当的融资无法快速扩张。成熟的公司债券市场可能会消除这一制约因素，使中国能够建立世界一流的企业，并（更为重要的是）创造数以千万计的就业岗位。

其次，它将允许企业根据负债期限匹配资产的久期。这样，中国可以通过避免银行贷款同时威胁中国大部分最重要公司的发展，从而防止企业发生流动性危机。

cost of capital under Basel III, the impact on risk-weighted assets is much greater for such non-netted trades, driving up costs considerably. This also makes it extremely difficult for China to develop liquid derivatives and repo markets, both of which are required if their capital markets are to become deep, liquid and opened to foreigners.

While no Chinese authority or regulator has explicitly objected to close-out netting, the application and effectiveness of close-out netting must be viewed in the context of the following areas of Chinese law: (1) there is no netting law in China and the closest concept to “netting” is “set-off,” which is allowed under Chinese Contract Law, (2) the creditor’s rights to set-off under the 2006 Enterprise Bankruptcy Law (“Bankruptcy Law”) is subject to certain time limits, an application by the creditor to the bankruptcy administrator for set-off, and formal approval by the bankruptcy administrator, (3) the set-off process is subject to the bankruptcy administrator’s right to “cherry-pick”, and (4) a creditor of the insolvent company cannot set-off its credits if: (a) it has obtained such credits through assignment after the court accepts the insolvency case, (b) if the creditor has obtained such credits after knowing that the company is incapable of paying its debts, (c) the company has filed an insolvency petition, unless such credits are incurred pursuant to the law or by reason of events that take place more than one year before the insolvency petition.

The provisions regarding set-off after the commencement of insolvency proceedings have

I. Corporate Bond Market

Due to recent macroeconomic changes in the Chinese economy, the corporate bond market has experienced explosive growth, particularly in the non-financial space. According to Standard & Poor’s, China is forecast to surpass the U.S. as the world’s largest corporate debt market for non-financial companies by 2015. However, China’s corporate debt markets are not well rounded – 80 of the top 100 corporates in China are SOEs – and there are widespread expectations of slower growth in the coming years, or a potential economic correction, which could derail the market. Additionally, corporate bonds are still issued at absolute yields rather than at a spread over a benchmark (the international standard practice), which makes it

not been tested in the PRC and there are some areas of uncertainty with respect to their interpretation and operation. For example, it is not wholly clear from Article 40 of the Bankruptcy Law whether the administrator will be obliged to allow set-off if all conditions under these provisions are satisfied, or what other criteria the administrator could take into account in a decision. In addition, under the Bankruptcy Law, the possibility of the administrator cherry-picking contracts, rather than looking at the net exposures of all transactions under a single agreement, cannot be ruled out. It is this lack of legal certainty that is relevant to the treatment of a bank’s credit exposure for regulatory capital purposes and thus, the increased cost of capital.

Clarification through unambiguous legislation, written judicial interpretation by China’s Supreme Court, or administrative regulation on the enforceability set-off – and by extension close-out netting – the use of collateral, and the disapplication of cherry-picking powers in the context of qualified financial contracts, would strengthen Chinese domestic derivative agreements and provide certainty to market participants. The PBOC and NAFMII are understood to have been in discussions with the Chinese Supreme Court on these issues, but to date, Chinese regulatory authorities and the Supreme Court have yet to issue a clarification or interpretation. ASIFMA encourages Chinese authorities to accelerate their considerations and promulgate guidance on these issues in the near-term.

difficult for corporations to do their financial planning. As China’s savings rate decreases, and deposit growth continues to slow, bank liquidity will become tighter, causing slower loan growth for corporate borrowers. The result of these conditions make it imperative that China further develop this market as private corporations seeks more efficient, and consistent ways to meet their funding requirements.

In China, a well-developed corporate bond market would serve several functions. First, it would enable companies to raise funds even if they are not favored customers of the large, domestic commercial banks. Today, China has one of the world’s most entrepreneurial

第三，随着养老基金、社会保障基金和保险基金的崛起，政府债券和公司债券市场共同成为确保这些基金可用有保障的未来收入匹配未来偿还义务的关键。

第四，与银行贷款不同，公司债券市场要求公布详细的募集说明书，加强债券发行公司运作情况的更多披露。这还常常会限制公司未经投资者同意而从事多方面的活动（包括众多风险极高的活动）。这可以提高透明度，改善公司治理，为更成熟的经济奠定基础。

2011年，中国银行间市场交易商协会在设计市场化的债券承销准入退出机制方面发挥了基础性作用，包括征求多个成员委员会的意见。原则上，这些新的标准允许内外资银行在中国承销债券，将有助于提高明确性，简

J. 证券化和担保债券市场

监管良好、简单明了的证券化市场是国际公认的高效基础设施改善和市政扩建融资机制。担保债券和优质证券化的最基本形式是以优质资产为担保，通过资本市场取得融资的一种方式。根据证券化模型，贷款由发起人（一般为商业银行）发行，然后汇总打包到具有不同风险回报特征、对不同类别投资者具有吸引力的多个证券中。对于中国而言，建立一个规则明确、连贯、可执行，文件和披露要求完善和市场参与广泛的正式证券化和担保债券市场，将有助解决市场对于中国银行负债率过高和地方政府过度依赖银行贷款的担忧。

由于多方面的原因，证券化对于中国的银行、消费者和地方政府都有吸引力。证券化有助于银行减少资产负债表上的长期贷款等非流动性资产，降低风险资产的积累，为银行提供持续放贷的能力。在中国，证券化还

化外资银行作为子承销商，然后作为主承销商参与商业票据和中期票据等债券市场的程序。但在实践中，仅有三家外资银行获准在此过程中担任承销商。

2012年，中国允许外资银行在无须报经银监会审批的情况下参与银行间市场买卖和承销公司债券，在促进公司债券市场的发展方面取得了长足进步，但外资银行仍需向地方银监局通报交易。政府通过取消5亿元人民币债券发行的禁令，增加中小企业的融资渠道，进一步促进了该市场的发展。随着中国继续发展公司债券市场，向外国承销商全面开放非常重要。这将极大地推动市场流动性，允许外资银行利用其在定价方面的专长为市场作出贡献。

将使银行缩小资产负债表的规模（目前中国银行贷款余额高达60万亿元人民币），而随着资本市场的发展、投资者可用金融产品的增加和储蓄率的继续下降，存款可能会减少，从而改变银行过度依赖存款的局面。

此外，由于证券化投资者看中资产池的还款能力，而不是银行信用，证券化将增加银行利用额外现金和流动性来源的灵活性。这将极大地拓宽可用于支持经济增长的现金池，为养老基金、保险公司、银行和其他市场参与者提供安全的担保投资对象。证券化还可以更精确地分配资本风险，避免中间人的低效性，为企业提供直接进入资本市场的渠道，在大部分情况下其融资成本低于直接发债（例如债券或商业票据），同时因为有抵押，投资者的风险也得以降低。

最重要的是，证券化市场的发展将为地方政府提供更有效、更廉价的基础设施项目融资

economies, new companies are formed, and many succeed and create jobs. However, a majority of these new companies tend to stay small and do not expand rapidly, because they lack appropriate funding. A well-developed corporate bond market could potentially remove this constraint and enable China to create world class companies and, more importantly, jobs for tens of millions of people.

Second, it would allow companies to match the durations of their assets with the maturity of their liabilities. China could thus avert the risk of a liquidity crisis in its corporate world by ensuring that difficulties in obtaining bank funding would not simultaneously endanger most of the country's important companies.

Third, with the rise of pension funds, social security funds, and insurance funds, the combination of a government and corporate bond market is key to ensuring that these funds can match their future payment obligations with assured future income.

Fourth, unlike bank lending, corporate bond markets require the publication of detailed prospectuses that provide greater disclosure of a corporate issuer's operations. They also frequently restrict the company from undertaking various activities – many of which are risky – without consent of the investors. They promote greater transparency and improved corporate governance which is a cornerstone of more mature economies.

J. Securitization and Covered Bond Markets

Well-regulated, plain-vanilla securitization markets are internationally recognized as efficient financing mechanisms for infrastructure enhancements and municipal expansion. At their most basic level, covered bonds and high-quality securitizations are a means of tapping the capital markets for funding, backed by pools of good quality assets. Under the securitization model, loans are issued by an originator (typically a commercial bank), and then aggregated and packaged into multiple securities with different characteristics of risk and return that appeal to different investor classes. For China, the establishment of a formal securitization and covered bond market, with clear, consistent, and enforceable rules, sound documentation and disclosure requirements, and broad market participation would help

In 2011, the National Association of Financial Markets Institutional Investors (NAFMII) was instrumental in designing a market-oriented bond underwriting entry-and-exit mechanism through a process that included consultation with member committees. In principle, these new criteria should have allowed both local and foreign-invested banks to underwrite bonds in China, which would help establish greater clarity and simplify the process for foreign-invested bank participation as sub-underwriters, and later as lead underwriters, for commercial paper (CP) and medium-term note (MTN) bond markets. In practice, however, only three foreign-invested banks has been granted underwriter status as part of this process.

China has made important progress fostering the development of a corporate bond market in 2012 by allowing foreign banks to trade and underwrite corporate bonds in the Interbank market without the approval of the CBRC, although they would still have to report any deals to the regulator's regional branches. The government further fostered the growth of the market by eliminating a rule barring bond issues below 500 million RMB, increasing access for small- and medium businesses. As China continues to develop its corporate bond market, it is important that they allow full access to foreign underwriters. Doing so would dramatically improve liquidity in the market, and would allow foreign banks to contribute their pricing expertise.

address concerns that Chinese banks are overleveraged and local municipalities are overly reliant on bank-lending.

Securitization is attractive to China's banks, consumers and municipalities for a number of reasons. Securitization allows banks to move illiquid assets, like long-term loans, off-balance sheet, reducing the build-up of risky assets and providing banks with the ability to continue lending. In China, securitization would also allow banks to shrink their balance sheets, which are currently burdened with over RMB 60 trillion in outstanding loans, and transition away from their over-reliance on deposits, which may decrease as the capital markets develop, investors gain access to more financial products, and savings rates continue to decrease.

渠道。《纽约时报》的数据显示，过去十年，政府基础设施和房地产支出超过对外贸易，成为中国经济增长的最大贡献力量。但主要由于西方经济停滞甚至负增长，导致近期中国经济增速放缓，引发市场担心，将迫使中资银行削减对地方政府基础设施的贷款。尽管证券化或担保债券市场的发展不能完全取代银行贷款，成为基础设施融资的主要来源，但这将缓解中国国内银行体系的融资压力。

2012年8月，中国政府允许非上市公司，包括地方政府融资平台发售资产支持票据（ABN），以期缓解大型银行的融资需求，为地方政府提供现有融资渠道的替代选择。资产支持票据以标的资产组合所产生现金流为抵押，可以在公开市场或非公开市场发行，但在公开市场发行时，资产支持票据必须接受两家中国人民银行认可的机构进行评级。该资产支持票据由中国银行间市场交易商协会运作，更类似于信用增强的私人债券，并不是真正的证券化，但可以方便地方政府融资平台直接进入资本市场，降低融资成本。

2005年，中国进行证券化试点计划，允许国家开发银行将其贷款资产证券化及中国建设银行将其抵押贷款证券化。该试点计划在2006-2008年期间扩容，允许中国商业银行、投资银行和证券公司将资产证券化，但2008年美国次贷危机发生后规模缩小并最终中止。2012年3月，中国政府宣布开展新的试点计划，并以中国人民银行、中国银监会和中国财政部联合通知的方式在五月下旬正式启动。该通知直接下发给国家开发银行、中国邮政储蓄银行、政策性银行、国有商业银行、股份制商业银行、金融资产管理公司、会计师事务所、信托公司、金融公司和汽车金融机构，允许其将大约5000万元（790万美元）的资产证券化（不到银行业总贷款余

额的百分之一）。评级机构穆迪的数据显示，新试点计划授权将基本基础设施贷款、汽车贷款、经济适用房建设贷款、中小企业贷款等资产证券化。亚洲证券业和金融市场协会赞赏为了建设证券化市场的这一新努力，但有关结构和参与限制的担心充斥新的试点计划。

证券化要求稳定、可预见的运营环境，确保可用的资产现金流到达投资者手中。中国几乎没有任何法院先例，金融行业也接受多个政府部门的监督管理，监管和法律的统一是建立证券化交易所需的基础设施的要件之一。另外，对证券化产品进行准确的风险评估需要高质量的数据和综合全面的审计程序。数据质量过去一直是中国的弱项，而资产证券化所需的数据有时根本无法向发起人和整体市场取得。另外，由于缺乏历史证券化数据，无法准确估算未来的资产表现，从而加剧了风险评估所面临的挑战。这一问题必须随着市场的发展逐渐解决，否则市场参与者和信用评级机构将无法恰当评估证券化产品的风险，造成市场在获得发展壮大机会前就已失去此次机会。

此外，新试点计划的参与限制也给证券化市场的持续发展带来两方面的问题。对于外资机构能否参与试点计划尚不明确。尽管中国银监会并未明确禁止外资参与，但财政部、中国银监会和中国人民银行通知直接下发的金融机构范围有限。根据先前经验，这说明外资金融机构面临的审批流程困难重重。由于缺乏多样性，很可能中国证券化市场最终将无法使银行有效剥离资产负债表中的非流动性产品和高效地分配风险。亚洲证券业和金融市场协会敦促中国监管部门允许外资参与新试点计划，鼓励采纳统一稳定的市场监管法规。

Additionally, securitization will increase banks' flexibility to tap additional sources of cash and liquidity, since securitization investors look to the performance of asset pools, rather than bank credit, for repayment. This significantly broadens the pool of cash that can be used to support economic growth and provides a safe, collateralized investment for pension funds, insurance companies, banks, and other market participants. Securitization also more precisely allocates risk with capital, avoiding middleman inefficiencies and can enable companies to access capital markets directly, in most cases at lower cost than the cost of issuing direct debt (such as bonds or commercial paper), as it is collateralized, decreasing investor risk.

Most importantly, the development of a securitization market will allow local municipalities to more effectively, and cheaply, fund infrastructure projects. In the last decade, government infrastructure and real estate spending surpassed foreign trade as the biggest contributor to China's economic growth according to the New York Times. However, there are concerns that the recent slowdown in China's economy, largely due to stagnate or negative growth in the Western world, will force Chinese banks to cut back on infrastructure loans to municipalities. While developing a securitization or covered bond market would not completely replace bank-lending as the primary source of infrastructure funding, it would ease funding pressures on China's domestic banking system.

In August 2012, Chinese authorities allowed unlisted companies, including local government funding vehicles (LGFVs), to sell asset-backed notes (ABNs) in an effort to ease the funding requirements of large banks and provide local governments an alternative to their existing funding options. The ABNs are debt instruments backed by cashflows generated from a pool of underlying assets, and can be issued in the public or the private market – although two PBOC-recognized agencies must rate the ABN if it is issued in the public market. Run by NAFMII, this ABN issuance scheme is not true securitization, as ABNs function more like private bonds with credit enhancements, but it allows LGFVs to access the capital markets directly and reduces their funding costs.

In 2005, China established a securitization pilot program that allowed the China Development Bank to securitize its loan assets and the China Construction Bank to securitize mortgage loans. The pilot program was expanded from 2006-2008 to allow Chinese commercial banks, investment banks and securities firms to securitize assets as well, but was scaled back, and ultimately suspended, in response to the U.S. subprime mortgage crisis in 2008. In March of 2012, Chinese authorities announced the development of a new pilot program and officially launched the initiative in late May via a notice promulgated by the PBOC, CBRC and the MOF. The notice was directly addressed to the China Development Bank, Postal Savings Bank of China, policy banks, state-owned commercial banks, joint-stock commercial banks, financial asset management companies, accounting firms, trust companies, financial companies and automotive financial institutions, and allows them to securitize an estimated 50 million Yuan (\$7.9 million USD) of assets (equivalent to less than one percent of the banking sector's total loan balance). According to Moody's, the new pilot program authorizes the securitization of basic infrastructure loans, auto loans, affordable housing construction loans, loans for small- and medium-size enterprises (SMEs), etc. ASIFMA applauds this renewed effort to establish a securitization market, but concerns with the structure and participation restrictions plague the new pilot program.

Securitization requires a stable and predictable operating environment to ensure that the available asset cash flows reach investors. In China, where there are few court precedents and different government authorities that supervise and regulate the financial industry, regulatory and legislative consistency is necessary to establish the required infrastructure for securitization transactions. It is also important to note that high quality data and comprehensive audit procedures are necessary for developing accurate risk assessments of securitized products. Data quality has traditionally been a weakness in China, and the data that is needed for asset securitization is sometimes unavailable from both the originator and the general market. Further, the lack of historical securitization data does not allow for the accurate prediction of future asset performance, further compounding the challenge of risk assessment. This issue

K. 地方政府债券市场

中国的城镇化规划将要求地方政府加快完善基础设施。为了克服快速城镇化面临的融资困难，消除市场对于地方政府贷款中影子银行的担心，亚洲证券业与金融市场协会建议中国发展地方政府债券市场。地方政府债券属于长期性债券，由地方政府或地方政府所有的企业直接发行，为公路、桥梁、公共机构的建设和维护等基础设施项目融资。该市场的建立将允许境内外私人资本为基础设施项目提供融资，大大缓解地方政府对中资银行的依赖，显著提高大型基础设施建设所需的中长期资本规模。

美国地方政府债券市场是全球规模最大、最活跃的地方政府债券市场，充分记载并明显

L. 扩大投资者群

庞大的多元化投资者群是保证所有债权需求旺盛稳定的关键。投资者群应当包括境内外投资者以及所有类型的机构，从商业银行到保险公司、养老基金、对冲基金、共同基金以及个人投资者等。具有不同投资期限、风险偏好和交易动机的庞大投资者群，是促进活跃交易和高流动性，帮助地方政府、企业和金融机构在各种市场条件下执行融资策略的关键。更具体地说，一个庞大的投资者群将成为金融市场稳定性和流动性的重要支撑，有利于提高价格发现的效率，降低市场波动，促进经济增长。

近年来，中国在扩大国内外投资者群上取得了不错进展，但仍有很多工作需要完善。养老基金、保险公司、积极活跃于境内市场的对冲基金以及可能带来必要流动性、市场能力和投资的外资企业参与数量仍然较少。另外，由于额度体系的限制，他们无法在市场中自由经营。在政府债券市场，大部分发行都通过一级市场招标由需要满足流动性要求

体现了地方政府债券发行作为成本效益高、合理公平的基础设施融资形式的巨大潜力。地方政府债市场的整体融资成本低是其最大的吸引力。在完善的地方政府债市场，发行人能够通过税收优惠等方式获得低利率，这方面中国需要进一步发展（目前美国地方政府债券利息免税）。由于地方政府债券的税收优惠，该市场吸引了承销商和债券受托人等多方面的投资者参与，他们之间的竞争使得地方政府债券的发行成本处于低位。而地方政府债券的长期性更进一步缓解了发行成本。这样地方政府可以按照接近所建设基础设施资产的长期寿命的期限摊销建设成本。

的境内银行全部买空，同时这些银行几乎没有向其他人买卖的动力，造成境内外投资者被排斥在大门之外。改变这一局面将有利于境内银行在配置资产时撤出政府债券，转向收益更高的中小企业融资或公司债，同时允许保险公司、养老基金或境外投资者等其他参与者获得这一无风险资产。这将明显提高二级市场的流动性。

中国已通过多个计划和措施提高了境外投资者的参与度，包括合格境外机构投资者计划（QFII）和人民币合格境外机构投资者计划（RQFII）。合格境外机构投资者计划于2002年推出，允许获得许可证的境外投资者在中国大陆的证券交易所（上海和深圳）买卖股票和债券，这是中国历史上首次允许境外投资者到境内证券市场投资和交易。以前，由于中国执行严格的资本管制，限制资产流入和流出中国，中国大陆证券交易所一直对境外投资者关闭。2012年7月，中国证监会颁布新的合格境外机构投资者计划规则，允许

must be addressed as the market grows, or market participants and credit rating agencies will be unable to properly evaluate the risk of securitized products, neutering the market before it has the chance to expand.

Additionally, the participation restrictions on the new pilot program present a two-fold problem for the continued development of the securitization market. There is a lack of clarity on the ability of foreign institutions to participate in the pilot program. The CBRC has not explicitly prohibited foreign participation, but the limited scope of the financial institutions

K. Municipal Bond Market

China's planned urbanization initiative will require local governments to quickly enhance their infrastructure. In order to overcome the financing challenges of rapid urbanization and allay concerns about shadow banking in local government lending, ASIFMA encourages China to develop a municipal bond market. A municipal bond is a long-term bond, issued directly by a local government (municipality) or local government-owned enterprise, to finance an infrastructure project, like the construction and maintenance of roadways, bridges, and public institutions. The creation of such a market would allow a combination of domestic and foreign private capital to finance infrastructure projects, significantly easing local municipality dependence on Chinese banks, and significantly increasing the amount of longer-term capital available for large-scale infrastructure development.

The potential advantages of municipal bond issuance as a cost-effective and reasonably

L. Broadening the Investor Base

A large and diversified investor base is important for ensuring strong and stable demand for all bonds. The investor base should include both domestic and foreign investors, and all types of institutions – ranging from commercial banks to insurance companies, pension funds, hedge funds and mutual funds, as well as individual investors. A broad investor base with different time horizons, risk preferences and trading motives is vital for stimulating active trading and high liquidity, enabling the government, corporates or financials to execute their funding strategies under a wide range of market conditions. More
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directly addressed in the notice promulgated by the MOF, CBRC and the PBOC, and prior experience, suggest that the approval process for foreign financial institutions would be prohibitive. Due to this lack of diversity, it is very possible that China's securitization market will ultimately fail to allow banks to effectively move illiquid products off balance-sheet and efficiently distribute risk. ASIFMA urges Chinese regulators to allow foreign participation in the new securitization pilot program and encourages the adoption of a consistent set of regulations to govern the market.

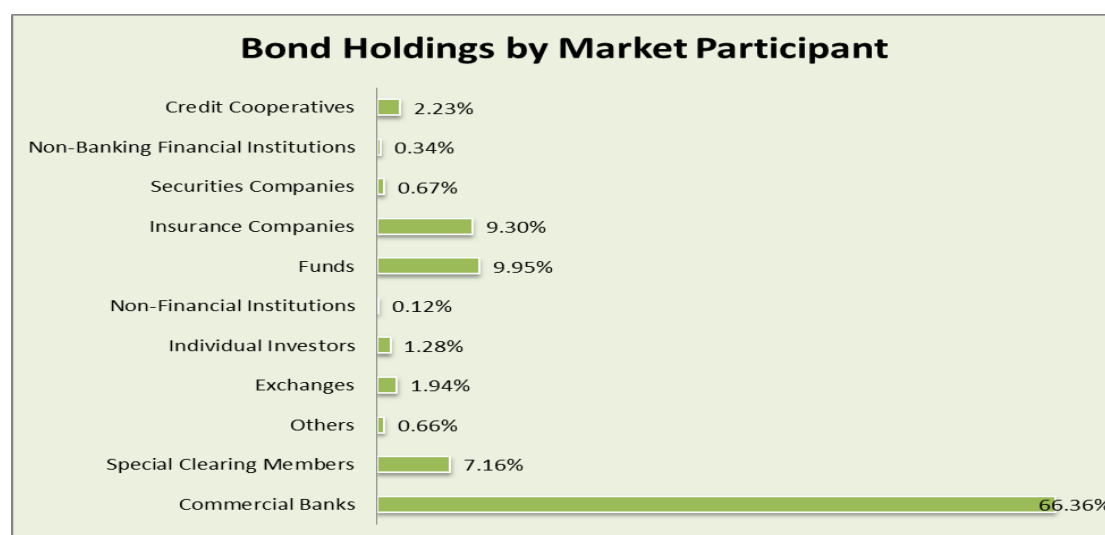
equitable form of infrastructure financing are well documented and most clearly exemplified by the U.S. municipal bond market, the largest and most active in the world. The overall low cost of capital raised in the municipal market is its most attractive feature. In a well-developed municipal market, issuers are able to keep interest rates low due to tax incentives, which China would need to develop (in the U.S., interest earned from municipal bonds is tax-exempt). Due to the tax incentives of municipal bonds, the market attracts a variety of investors – including underwriters and bond trustees – who are willing to compete, which keeps issuance costs low. Importantly, the costs of issuing a municipal bond are further mitigated by their long maturity. This allows local government to amortize the costs of construction over periods of time that approach the long-term lifespan of the infrastructure asset being built.

specifically, a broad investor base provides an important source of stability and liquidity to financial markets, aids in the efficiency of price discovery, reduces market volatility, and stimulates economic growth.

Recently, China has made progress broadening its investor base, both domestic and foreign. However, much work still needs to be done. There are still a limited number of pension funds, insurance companies, hedge funds that are active in the domestic market and foreign firms, who could bring necessary liquidity, market skills and investments, are reticent to

participate. Moreover, they are unable to operate freely in the market due to restrictive quota systems. In the government bond markets, most issuance is bought up at primary auctions by domestic banks as part of their liquidity requirements, and with little incentive to trade the debt to others, crowd out both foreign and domestic investors. Changing this

dynamic would allow domestic banks to allocate their assets away from government bonds and towards better returning SME financing or corporate debt, while allowing other entrants such as insurance companies, pension funds or foreign investors to gain access to a risk-free asset. This would significantly enhance liquidity in the secondary market.



Source: Chinabond.com.cn, 2012

With respect to foreign investors, China has increased participation through various programs and initiatives, including the Qualified Foreign Institutional Investor (QFII) program and the Renminbi Qualified Foreign Institutional Investors Pilot Program (RQFII). Established in 2002, QFII allowed licensed foreign investors to buy and sell RMB-denominated equities and bonds in China's mainland stock exchanges (in Shanghai and Shenzhen), and was the first time in history that China allowed foreign investors to invest and trade in the domestic securities market. Chinese mainland stock exchanges were previously closed to foreign investors due to China's exercise of tight capital controls, which restricted the movement of assets in-and-out of the country. In July 2012, CSRC published new rules for QFIIs, which granted them access to the Interbank bond market. Prior to that, QFIIs could only access the Exchange bond market. As of December 2012, a total of 169 foreign institutional investors and US\$37.4 billion in quota have been approved under the QFII program. However, foreign access to China's Yuan-denominated assets is still limited, with quotas placed under the QFII program amounting to US\$80 billion.

In December of 2011, the Chinese government introduced the RQFII program, to further spur foreign investment in the domestic securities market. Initially, the program's investment quota and scope was very restrictive, but the CSRC, the PBOC and SAFE have steadily increased the quota and eased investment restrictions, first in April 2012 and again in November 2012. In March 2013, the CSRC and SAFE implemented updates to the RQFII guidelines allowing, for more types of institutional investors to join the program – which is currently limited to investment funds and securities brokerages – and nullifying restrictions on the proportion of investments in equities and fixed income securities. Further, on 2 May 2013 the PBOC unveiled new technical guidance requiring RQFII investors to set up dedicated and separate accounts with custodian banks for transactions in Chinese stock exchanges and the Interbank market, and for the trading of stock index futures. The promulgation of the PBOC's new RQFII guidance is also expect to herald the resumption of RQFII quota approvals, a process that has been stalled since January 2013.

合格境外机构投资者投资银行间债券市场。在此之前，合格境外机构投资者只能投资场外债券市场。截至 2012 年 12 月，共有 169 家境外机构投资者根据合格境外机构投资者计划获得 374 亿美元的投资额度。但外资投资人民币产品的渠道仍然有限，合格境外机构投资者计划下的额度最高为 800 亿美元。

2011 年 12 月，中国政府推出了人民币合格境外机构投资者计划，以进一步促进外资进入境内证券市场。最初，该计划的投资额度和范围极为有限，但中国证监会、中国人民银行和国家外汇管理局先后在 2012 年 4 月和 2012 年 11 月稳步提高了额度并放松投资限制。2013 年 3 月，中国证监会和国家外汇管理局对人民币合格境外机构投资者计划的规定进行更新，允许更多类型的机构投资者参与计划（目前仅限投资基金和证券经纪机构），并取消了对股票和固定收益证券的投资比例限制。2013 年 5 月 2 日，中国人民银行颁布新的技术指引，要求人民币合格境外机构投资者为在中国证券交易所和银行间市场的交易、以及股指期货交易，分别向托管银

行开立专户。中国人民银行颁布新的人民币合格境外机构投资者计划指引，预示着 2013 年 1 月停止的人民币合格境外机构投资者额度审批也将恢复。

在 2012 年和 2013 年初，通过合格境外机构投资者计划和人民币合格境外机构投资者计划的稳步扩容，中国监管部门在扩大投资者群上取得了明显的进步，但进步的步伐却一直较慢。如亚洲债券网站

（AsianBondsOnline）的连续调查显示，市场参与者指出本币债券市场投资者缺乏多样性，成为深化本币债务市场的最大单一阻碍因素。亚洲证券业和金融市场协会对 2013 年第 2 季度的近期行动感到鼓舞，并敦促中国监管部门延续这一趋势，扩大并增加合格境外机构投资者计划和人民币合格境外机构投资者计划下的现有投资渠道数量，提高额度或取消额度要求，放松资格要求和投资限制。展望未来，进一步扩大投资者群将要求明显改善基于风险的债券定价、独立的债券市场、妥善发挥作用的法律体系和保护债券投资者权利并强调市场约束的破产法。

M. 税收

随着中国金融市场的成熟，各类回购、期货、利率衍生品和债权交易更加独立，税收制度落后于行业需要的问题成为内资及外资银行的一致担忧。

金融市场的营业税制度（预计将在 2015 年被增值税体系取代）将交易分为四类（外汇、股票/股权、债券和其他），是在远早于金融市场发展到如今的成熟度之前制定的。由于整体交易的利润率一般较薄，导致一笔交易的总税收可能接近甚至超过净利润，阻碍了对冲交易或相对价值交易的开展。这些营业税制度应当尽快修订，消除四大交易分类，

允许将净收益和净亏损结转。这一方法属于现代商业实践，有利于提高市场流动性。

上文提出，中国将在未来几年过渡到增值税体系，以消除目前营业税体制导致的服务业双重征税问题。为方便过渡，上海在 2012 年 1 月 1 日推出了营改增试点计划，预计将在 2013 年 8 月推广到全国。目前，金融服务业不在营改增试点计划范围内，但预计将在 2015 年全面实施新税制时享受“简化”增值税。

亚洲证券业和金融市场协会支持通过增值税体系消除服务业双重征税问题的宗旨，但

Chinese regulators have clearly made progress broadening the investor base in 2012 and early 2013 through the QFII program and the steady expansion of RQFII. However, the pace of this progress has been slow, as highlighted in consecutive AsianBondsOnline surveys, where market participants pointed to the lack of investor diversity in LCY bond markets as being the single most important impediment to deepening local currency debt markets. ASIFMA has been encouraged by recent actions in Q2 2013, and urges China's regulators to continue

this momentum by expanding and increasing the number of existing investment channels, increasing the size of, or eliminating, investment quotas, and easing qualification and investment restrictions for both the QFII and RQFII programs. Going forward, further broadening of the investor base will require a marked improvement in risk-based bond pricing, an independent bond market, an appropriately functioning legal system, and bankruptcy laws that protect bond investors' rights and underscore market discipline.

M. Taxation

As China's financial markets mature and transactions across the spectrum of repos, futures, interest rate derivatives, and bond trading become more interdependent, the failure of tax rules to keep pace with the industry creates concerns for domestic and foreign-invested banks.

attempt to eliminate the current double taxation of the service industry under the Business Tax regime. To ease the transition, a VAT pilot program was launched on 1 January 2012 in Shanghai, and is expected to be fully extended to the rest of China by August 2013. Currently, the financial services sector is not covered under the VAT pilot program, but is expected to be subject to the 'simplified' VAT when the new tax system is fully implemented in 2015.

Business Tax (BT) rules (due to be phased out by 2015 in favor of a Value-Added Tax system) for financial markets, which segregate transactions into four separate categories (foreign exchange, stocks/equities, bonds, and other), were developed long before financial markets reached their current level of sophistication. As the profit margins on the overall transactions are generally quite thin, the resulting gross tax on a transaction as a whole may be close to or even exceed the net profit, discouraging hedged transactions or relative-value trading. Administration of these business tax rules should be amended as soon as possible to eliminate the four transaction categories and allow net gains and net losses to be carried forward. This approach would reflect modern business practices and promote market liquidity.

ASIFMA supports the intent of the VAT system to eliminate double taxation of services, however, the financial services sector's inability to participate in the pilot program to this point has not allowed the sector to properly gauge how the new tax scheme will affect financial institutions or the markets. Additionally, ASIFMA remains concerned with the lack of transparency regarding the application of capital gains taxes on QFIIs. The lack of clarity regarding the taxation of the financial services sector in China has generated a substantial amount of uncertainty, to the detriment of China's markets and market participants. In order to foster the growth of its capital and bond markets, Chinese authorities must be more transparent.

As referenced above, China will be transitioning to a VAT system over the next few years in an

N. Regulatory Process

China's regulatory and jurisdictional uncertainty is a serious impediment for foreign-invested financial institutions, effectively serving as a non-tariff trade barrier. Regulatory transparency and consistency, market consultation processes, sufficient notification of new rules and time for public comment are vital to well-functioning financial markets.

A large number of regulatory and quasi-regulatory bodies govern the financial services sector in China (e.g., PBOC, SAFE, MOF, SAT, NDRC, CSRC, CBRC, CIRC, and NAFMII), each with its own priorities and processes. Notification of regulatory changes across these institutions is inconsistent, and the complex approval processes for new products or licenses continue to suffer from the absence of a

是，金融服务业目前不能参与试点计划，无法让行业正确评估新税制对金融机构或金融市场的影响。此外，亚洲证券业和金融市场协会仍然担心有关对合格境外机构投资者征收资本利得税缺乏透明性的问题。中国金融

N. 监管程序

中国监管和管辖的不确定性是外资金融机构面临的一个严重阻碍，实际上已成为一项非关税贸易壁垒。监管透明度和稳定性、市场协商程序、新制度的充分告知和公众评议时段等对于完善的金融市场至关重要。

中国金融服务业面临多龙治水的问题（如中国人民银行、国家外汇管理局、财政部、国家税务总局、国家发改委、中国证监会、中国银监会、中国保监会和中国银行间市场交易商协会等），各监管机构和准监管机构都有

服务业税制的不明确，已经引发巨大的不确定性，不利于中国市场与市场参与者。为了促进资本市场和债券市场的发展，中国政府必须更加透明。

自己的关注重点和程序。这些监管机构之间监管调整的通告非常不一致，复杂的新产品或许可证审批程序继续成为缺乏监管协调的受害者。而更严重的是，制度往往不明确，驳回或批准的理由并未广泛披露，在有些情况下制度本身也并没有公布。有时甚至不明确是否要求监管部门审批，或监管部门本身也未能就审批流程或程序达成一致。中国监管机构必须改善协调性和透明度，减少不确定性，增强市场信心。

coordinated regulatory approach. To make matters worse, rules are often unclear, reasons for denial or approval are not widely disclosed, and in some cases the rules themselves are not publicly available. At times it is not even clear which regulator's approval is required, and

sometimes regulators themselves disagree about approval processes or procedures. China's regulatory agencies must increase their coordination and transparency to reduce uncertainty and foster confidence in the market.

5. 附录

主题	具体要求	建议	理由
整体经济	从出口型经济向市场经济/消费型经济的转型。	建设稳健的资本市场和债券市场可以加速转型。	西方经济体需求的预期变化、人口的老龄化趋势以及新的基础设施需求将要求更为平衡和稳定的消费需求及支出增加推动型增长。
资本市场	中国资本市场必须进一步发展，以帮助中国保持经济增速，为社会和基础设施建设提供融资。	政府政策需要鼓励资本市场按照有利于整体经济和社会发展计划的方式发展，包括促进从出口型经济向消费型经济的转型，降低银行体系的风险集中度，为地方政府基础设施项目提供资金，建设社会保障网络，以及促进大规模的城镇化等。	促进区域发展平衡、扩大社会保障网络、提高生产率和维持高速增长仍然需要建设大量基础设施，要求高效地调动私人 and 公共资本，但这只能通过稳健的资本市场实现。
资本市场	中国必须建立可信的信用评级行业	金融市场的进一步改革应当促进信用评级产业的发展，突出透明度、客观性和独立性。	信用评级是资本市场基础设施的另一项不可或缺的组成要素，利于市场参与者准确评估和管理风险。允许境内外评级机构的共同参与将可以促进与国内评级机构的良性竞争，帮助提高整体分析水平和透明度。

5. Appendix

Topic	Specific Ask	Recommendation	Reasoning
General Economy	Transition from an export-driven economy to a market/consumer-driven economy.	This transition can be hastened through the development of robust capital and bond markets.	Expected changes in demand from Western economies, an ageing demographic, and new infrastructure needs will require a more balanced and stable growth model fueled by consumer demand and increased spending.
Capital Markets	Chinese capital markets must be further developed for China to sustain its economic growth and fund its social and infrastructure initiatives.	Government policies are needed to encourage the development of capital markets in ways that will support its widespread economic and social development initiatives including, furthering its transition from an export-driven economy to a consumer-driven economy, reducing the concentration of risk in the banking system, funding municipal infrastructure projects, developing social safety nets and fostering its sweeping urbanization program.	The substantial infrastructure still needed to spread development geographically, extend social safety nets, improve productivity and sustain high economic growth requires the efficient mobilization of private and public capital that only robust capital markets can facilitate.
Capital Markets	China must establish a credible credit rating industry.	Further reform of the financial markets should facilitate the development of a credit ratings industry that exemplifies transparency, objectivity, and independence.	Credit ratings are another indispensable component of capital market infrastructure that allows market participants to accurately assess and manage risk. Allowing the participation of both domestic and foreign credit rating agencies would provide healthy competition to domestic rating agencies and help improve overall standards of analysis and transparency.

<p>债券市场</p>	<p>中国必须发展深入、流动性强和透明度高的债券市场。</p>	<p>中国建设深入、流动性强和透明度高的债券市场，可以通过放开利率、增强基准收益率曲线、建立政府债券二级市场和期货市场、从质押回购制度向传统回购制度转型、允许利率掉期和证券化、保证债权人权利、扩大投资者群体以及提高监管和法律透明度等途径实现。</p>	<p>债券市场（政府债券和公司债券）的进一步发展将极大地促进中国整体金融市场的发展，尤其是《巴塞尔协议 III》全面实施后。另外，稳健的债券市场对于一直受到不良资产积累拖累的中国银行业的发展尤为重要。</p>
<p>利率市场化</p>	<p>利率必须进一步市场化</p>	<p>利率市场化是建设更深入、更好流动性债券市场的第一步，只能通过修改政府政策实现。</p>	<p>进一步放开利率和资本管制，将迫使银行加强创新和多元化，促使银行增加对中小企业的贷款，并促进银行业改变业务模式，从过度依赖存款转向重视向客户提供综合多样性的服务（包括资本市场产品），从而有利于中国银行业的发展。</p>

Bond Markets	China must develop deep, liquid and transparent bond markets.	China can develop deep, liquid and transparent bond markets by liberalizing interest rates, enhancing its benchmark yield curve, establishing a secondary and futures market for government bonds, transitioning from a pledge repo system to a classic repo system, allowing for interest-rate swaps and securitization, ensuring creditors' rights, broadening the investor base, and increasing regulatory and legislative transparency.	The further development of bond markets - both government and corporate - will contribute significantly to overall financial market expansion in China, especially when Basel III is fully implemented. Further, robust bond markets are also particularly important to the evolution of the Chinese banking sector, which has been stifled by the buildup of non-performing loans.
Interest-Rate Liberalization	Interest rates must be further liberalized.	Interest rate liberalization is the first step toward creating deeper, more liquid bond markets and can only be achieved through changes in government policy.	Further liberalization of interest rates and capital controls, will benefit the Chinese banking industry by forcing banks to become more creative and diversified, creating incentives to increase lending to small- and medium-sized enterprises, and enabling the banking industry to change its business model from one that overly relies on deposits to one that focuses on providing comprehensive and diversified services to customers, including capital markets products.

<p>基准收益率曲线</p>	<p>必须发展更强大、更可靠的基准收益率曲线</p>	<p>在中国市场，对于不同给定期限的交易最为活跃的债券（被称为“指标”债券），基准收益率曲线已经存在，但该基准的准确性值得怀疑。亚洲证券业与金融市场协会强烈建议监管部门取消国有银行购买政府债券时享受的税收优惠，并扩大可用于满足银行流动性要求的金融工具范围。</p>	<p>一个以高流动性债券市场为基础的共同基准收益率曲线，是金融业高效配置资本和政府决策者衡量市场预期的一個关键要素，因为债券市场的许多分析和定价活动都围绕收益率曲线进行。</p>
<p>二级市场交易</p>	<p>中国监管部门必须建立政府债券二级市场</p>	<p>政府债券二级市场的七项基本要求如下：1) 严格的发行和再发行计划，支持大规模的基准发行；2) 高流动性的“传统”回购市场，方便政府债券的卖空；3) 活跃、高流动性的政府债券期货市场；4) 丰富的高流动性场外衍生品及场内衍生品合约；5) 高质量、高效率和高成本效益的电子询价、交易、清算和结算平台；6) 庞大、活跃的境内外投资者群；7) 有利于市场的监管、会计和税收体制：无预扣税和交易税等。</p>	<p>建立政府债券二级市场是中国债券市场整体发展不可分割的一部分，将为所有类型的市场参与者提供多方面的重要好处，包括：建立“无风险”参考收益率曲线和“无风险”资产（类似于美国国债）；支持成熟的公司债券和货币市场的发展；有利于政府以较低的融资成本借入中长期资金，从而方便政府为大型的全国性基础设施和城镇化计划融资。</p>
<p>回购市场</p>	<p>中国必须建立符合国际标准的回购市场</p>	<p>中国目前的回购市场（质押回购制度）必须向传统回购市场（国际标准）转型</p>	<p>“传统”债券回购市场：(1) 允许市场参与者将其所持有的债券用于更多的目的，例如进一步回购、空头平仓、证券借贷或作为抵押品等（质押回购制度不允许转移债权所有权）；(2) 允许对于提高任何市场流动性都至关重要</p>

<p>Benchmark Yield Curve</p>	<p>A stronger, more dependable benchmark yield curve must be developed.</p>	<p>A benchmark yield curve currently exists in Chinese markets for the most actively traded bonds across a range of given maturities – which are called the “on-the-run” issues – but the accuracy of the benchmark is suspect. ASIFMA strongly urges regulators to eliminate the preferential tax treatment granted to state-owned banks when they hold government bonds, and broaden the range of financial instruments that can be used to satisfy bank liquidity requirements.</p>	<p>The existence of a common benchmark yield curve, grounded on a liquid government bond market, is critical to the financial sector’s ability to reach efficient capital allocation and for government policy makers to gauge market expectations, as much of the analysis and pricing activity that takes place in the bond markets revolve around the yield curve.</p>
<p>Secondary Market Trading</p>	<p>Chinese regulators must establish a secondary market for government bonds.</p>	<p>A government bond secondary market relies on seven basic requirements: 1) Disciplined issuance and reissuance programs to support large benchmark issues; 2) Liquid “classic” repo markets that allow easy short selling of government bonds; 3) Active, liquid government bond futures markets; 4) A broad range of liquid OTC derivatives contracts and exchange-traded derivatives contracts; 5) High-quality, efficient and cost-effective electronic price discovery, trading, clearing and settlement platforms; 6) A broad, active domestic and foreign investor base; and 7) Market friendly regulatory, accounting and tax regimes: no withholding taxes and no transaction taxes.</p>	<p>The establishment of a secondary market for government bonds is integral to the overall development of the Chinese bond market and provides several important benefits to market participants of all types, including: the establishment of “risk free” reference yield curves and “risk free” assets, like U.S. Treasury Bonds; supports the development of sound corporate debt and money markets; and enables the government to borrow for longer terms at lower funding costs – allowing the government to fund large, country-wide infrastructure and urbanization programs.</p>
<p>Repo Market</p>	<p>China must develop a repo market that is aligned with international standards.</p>	<p>China’s current repo market (pledge repo system) must be transitioned to a classic repo market (international standard).</p>	<p>A “classic” bond repo market allows: (1) market participants to use the bonds they hold for additional purposes, such as further repos, covering short positions, securities lending, and collateral (A pledge repo system does not allow that as</p>

			<p>的做市商“做空”，这将增强现货市场的流动性，并因此成为债券期货市场和场外衍生品市场发展的一个关键前提，因为这要求具有充分流动性的现货市场；(3) 方便一级交易商利用更多的对冲策略来对冲风险；(4) 扩大融资市场，并成为货币市场、债券市场、期货市场和场外衍生品市场之间的关键纽带。</p>
<p>期货市场</p>	<p>当现货市场具备充分流动性后，中国应进一步发展政府债券期货市场。</p>	<p>为了准备最终推出债券期货，中国金融期货交易所（CFFEX）已经“模拟交易”债券期货近两年。亚洲证券业与金融市场协会欣赏中国金融期货交易所的模拟交易计划，鼓励在正式推出该市场前增加新的产品类型并增加外资金融机构的投资渠道。</p>	<p>一个活跃、流动性好、接受密切监管的政府债券期货市场将允许市场参与者迅速对冲大额头寸，更有效地减轻风险，同时深化相关债券和衍生品市场发展。其他国家的经验表明，债券期货可以增强相关现货市场的流动性，因为市场参与者可以更有效地管理债券库存风险。此外，债券期货市场尤其对做市商有利，因为期货可使他们对冲头寸，从而降低风险并进一步缩小买卖价差。</p>
<p>利率掉期</p>	<p>中国亟需发展利率掉期市场。</p>	<p>利率市场化和更深入、更好流动性的债券市场，将是中国建设利率掉期市场的前提。</p>	<p>利率掉期是固定收益市场不可或缺的一部分。这些衍生品合约是投资者的一个关键工具，他们一般使用这些合约来对冲、投机和管理风险，为固定收益市场创造更大的流动性。</p>

			<p>the bond title is not transferred); (2) allows market makers, who are critical for developing liquidity in any market, to ‘go short,’ which enhances liquidity in the cash market and thereby serves as a key prerequisite for the development of the bond futures market and the OTC derivatives market, which requires a sufficiently liquid cash market; (3) Allow primary dealers to hedge risk with a wider array of hedging strategies.; and (4) broaden funding markets and serve as a critical link between money markets, bond markets, futures markets and OTC derivatives markets.</p>
<p>Futures Market</p>	<p>Once the cash markets are sufficiently liquid, China should further develop its government bond futures market.</p>	<p>In preparation for the eventual launch of bond futures, the China Financial Futures Exchange, or CFFEX, has been “mock trading” bond futures for almost two years. ASIFMA is encouraged by the CFFEX mock trading program and encourages the addition of new product types and increased access for foreign financial institutions before the formal introduction of the market.</p>	<p>An active, liquid, and closely supervised government bond futures market would allow participants to hedge large-value positions quickly and reduce risk more effectively, while at the same time deepening the underlying bond and derivative markets. The experience of other countries shows that bond futures enhance the liquidity of the underlying cash markets as market participants are able to manage the risk of their bond inventories more effectively. Additionally, bond futures markets are particularly beneficial to market-makers because futures enable them to hedge their positions, thus reducing risk and allowing them to offer tighter bid-ask spreads.</p>
<p>Interest-Rate Swaps</p>	<p>It is imperative that China develop an interest-rate swap market.</p>	<p>Interest rate liberalization and deeper, more accessible financial markets will create the conditions for an interest-rate swap market to develop in China.</p>	<p>Interest-rate swaps are an integral part of the fixed-income market. These derivative contracts are an essential tool for investors</p>

			<p>利率掉期尤其可以方便企业更高效地利用全球市场和对冲利率风险。由于这些掉期的流动性极高，含有内置的远期利率预期以及信用成分，掉期利率曲线已经成为信贷市场的一个重要利率基准，在部分情况下已经取代了美国国债收益率曲线。</p>
<p>违约轧差</p>	<p>必须强化和完善有关债权人权利的制度，尤其是违约轧差制度，以确保市场对交易和合约可执行性的信心。</p>	<p>这需要明确修改中国法律以承认违约轧差这一所有发达金融市场的成熟实践。</p>	<p>违约轧差允许一方当事人计算其相对于特定对手方的敞口金额，降低了信用风险。违约轧差还可以降低成本，允许有关当事人更高效地使用信用额度，以最低的准备金来覆盖敞口。由于违约轧差在中国的可执行性尚不明确，一家银行对中方交易对手的风险敞口将以总额纳入监管资本金的计算。由于实施《巴塞尔协议 III》将增加资本金成本，对风险加权资产的影响远远大于非轧差交易，造成成本明显增加。这也将造成中国很难发展高流动性的衍生产品和回购市场，而后两者是资本市场对境外投资者具有深度、流动性和开放性的必要条件。</p>
<p>公司债券市场</p>	<p>中国必须建设更完善的公司债市场。</p>	<p>2012 年，中国允许外资银行在无须取得银监会批准的情况下参与银行间市场买卖和承销公司债券，并</p>	<p>在中国，成熟的公司债券市场将具有多方面的作用：(1) 它将有利于企业募集资金，即使该企业不是大型境内商业银行的重点客户；(2) 它将</p>

			<p>who typically use them to hedge, speculate, and manage risk, and generate greater liquidity in fixed-income markets.</p> <p>Importantly, interest-rate swaps allow companies to take advantage of the global markets more efficiently and hedge interest-rate risk. Because these swaps are highly liquid and have built-in forward rate expectations, as well as a credit component, the swap rate curve has become an important interest-rate benchmark for credit markets that, in some cases, has supplanted the U.S. Treasury yield curve.</p>
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		<p>取消了 5 亿元以下人民币债券发行的禁令，增加中小企业的融资渠道，在促进公司债券市场的发展方面取得了长足进步。随着中国继续发展公司债券市场，向外国承销商全面开放非常重要。</p>	<p>允许企业根据负债期限匹配资产的长久期限；(3)随着养老基金、社会保障基金和保险基金的崛起，政府债券和公司债券市场共同成为确保这些基金可用有保障的未来收入匹配未来偿还义务的关键；(4)通过增加披露要求提高透明度和改善公司行政治理。</p>
<p>证券化</p>	<p>中国需要扩大并增加现有证券化方案的投资渠道。</p>	<p>证券化要求稳定、可预见的经营环境。中国必须为市场参与者建立明确的立法、法律和监管制度，鼓励建设恰当风险评估所需的高质量数据，加强外资参与。</p>	<p>证券化允许银行将长期贷款等非流动性资产移动到资产负债表外，减少风险资产的积累，为银行提供持续放贷的能力。在中国，证券化还将有助于银行缩小资产负债表的规模（目前中国银行贷款余额高达 60 万亿元人民币），并改变过度依赖存款的局面。此外，证券化将增加银行利用额外的现金和流动性来源的灵活性，明显提高他们支持经济增长的能力。另外，证券化尤其可以更精确地分配资本风险，避免中间人的低效性，为企业提供直接进入资本市场的渠道，在大部分情况下其融资成本低于直接发债（例如债券或商业票据），同时因为有抵押，投资者的风险也得以降低。</p>

<p>Close-Out Netting</p>	<p>The rules governing creditors' rights and more specifically, close-out netting, must be strengthened and clarified in order to ensure confidence in the enforceability of transactions and contracts.</p>	<p>A clear change to Chinese law is required to recognize close-out netting, an established practice in all advanced financial markets.</p>	<p>Close-out netting reduces credit risk by allowing a party to calculate its exposure to a particular counterparty on a net basis. Close-out netting will also result in cost reduction, allowing parties to use credit lines more efficiently and to maintain lower reserves to cover exposure. Because of uncertainty regarding the enforceability of close-out netting in China, a bank's exposures to a Chinese counterparty will be treated on a gross basis for regulatory capital purposes. With the increased cost of capital under Basel III, the impact on risk-weighted assets is much greater for such non-netted trades, driving up costs considerably. This also makes it extremely difficult for China to develop liquid derivatives and repo markets, both of which are required if their capital markets are to become deep, liquid and opened to foreigners.</p>
<p>Corporate Bond Market</p>	<p>China must develop a more well-rounded corporate debt market.</p>	<p>China has made important progress fostering the development of a corporate bond market in 2012 by allowing foreign banks to trade and underwrite corporate bonds in the Interbank market without the approval of the CBRC, and eliminating a rule barring bond issues below 500 million RMB, increasing access for small- and medium businesses. As China continues to develop its corporate bond market, it is important that they allow full access to foreign underwriters.</p>	<p>In China, a well-developed corporate bond market would serve several functions: (1) it would enable companies to raise funds even if they are not favored customers of the large, domestic commercial banks; (2) it would allow companies to match the durations of their assets with the maturity of their liabilities; (3) with the rise of pension funds, social security funds, and insurance funds, the combination of a government and corporate bond market is key to ensuring that these funds can match their future payment obligations; and (4) promote greater transparency and improved corporate</p>

<p>地方政府债券市场</p>	<p>中国必须建设稳健的地方政府债券市场。</p>	<p>中国的城镇化规划将要求地方政府加快完善基础设施。为了克服快速城镇化面临的融资困难，消除市场对于地方政府贷款中影子银行的担心，亚洲证券业与金融市场协会建议中国发展地方政府债券市场，这将要求中国政府建立必要的金融基础设施、出台税收优惠和必要的制度，详见 K 部分。</p>	<p>地方政府债券市场的建立将允许境内外私人资本为地方基础设施项目提供融资，极大缓解地方政府对中国银行的依赖，显著提高大型基础设施建设所需的中长期资本规模。</p>
<p>扩大投资者群</p>	<p>中国必须扩大投资者群，允许境内外金融机构（从商业银行到保险公司、养老金、对冲基金以及个人投资者等）进行公平竞争。</p>	<p>亚洲证券业与金融市场协会对 2013 年第 2 季度的发展（包括恢复人民币合格境外机构投资者审批和提高额度）感到鼓舞，并敦促中国监管部门延续这一趋势，扩大并增加合格境外机构投资者计划和人民币合格境外机构投资者计划下的现有投资渠道数量，提高额度或取消额度要求，放松资格要求和投资限制。</p>	<p>具有不同投资期限、风险偏好和交易动机的庞大投资者群，是促进活跃交易和高流动性，帮助地方政府、企业和金融机构在各种市场条件下执行融资策略的关键。更具体的说，一个庞大的投资者群将成为金融市场稳定性和流动性的重要支撑，有利于提高价格发现的效率，降低市场波动，促进经济增长。</p>
<p>金融税收</p>	<p>市场参与者需要进一步明确向营改增对其所在机构的影响。</p>	<p>中国监管部门必须提高营改增方面的透明度，例如将金融业纳入营改增试点范围。</p>	<p>亚洲证券业与金融市场协会支持通过增值税体系消除服务业双重征税问题的宗旨，但是，金融服务业目前不能参与试点计划，无法让行业正确评估新税制对金融机构或金融市场的影响。金融服务业税制的不明确，已经引发巨大</p>

			governance through increased disclosure.
<p>Securitization</p>	<p>China needs to expand and increase access to its existing securitization programs.</p>	<p>Securitization requires a stable and predictable operating environment. China must establish clear legislative, legal and regulatory guidelines for market participants, incentivize the development of high-quality data for proper risk assessment, and increase foreign participation.</p>	<p>Securitization allows banks to move illiquid assets, like long-term loans, off balance sheet, reducing the build-up of risky assets and providing banks with the ability to continue lending. In China, securitization would also allow banks to shrink their balance sheets, which are currently burdened with over RMB 60 trillion in outstanding loans, and transition away from their over-reliance on deposits. Additionally, securitization will increase banks' flexibility to tap additional sources of cash and liquidity, significantly broadening their ability to support economic growth. Importantly, securitization also more precisely allocates risk with capital, avoiding middleman inefficiencies and can enable companies to access capital markets directly, in most cases at lower cost than the cost of issuing direct debt (such as bonds or commercial paper), as it is collateralized, decreasing investor risk.</p>

<p>Municipal Bond Market</p>	<p>China must develop a robust municipal bond market.</p>	<p>China’s planned urbanization initiative will require local governments to quickly enhance their infrastructure. In order to overcome the financing challenges of rapid urbanization and allay concerns about shadow banking in local government lending, ASIFMA encourages China to develop a municipal bond market, which will require Chinese authorities to create the necessary financial infrastructure, tax incentives, necessary regulations as explained in more detail in section K.</p>	<p>The creation of a municipal bond market would allow a combination of domestic and foreign private capital to finance municipal infrastructure projects, significantly easing local municipal dependence on Chinese banks, and significantly increasing the amount of longer-term capital available for large-scale infrastructure development.</p>
<p>Broadening the Investor Base</p>	<p>China must foster a broad investor base, which allows foreign and domestic financial institutions (ranging from commercial banks to insurance companies, pension funds, hedge funds, as well as individual investors) to compete on an equal playing field.</p>	<p>ASIFMA has been encouraged by developments in Q2 2013 – including the resumption of RQFII approvals and quota expansions – and urges China’s regulators to continue this momentum by expanding and increasing the number of existing investment channels, increasing the size of, or eliminating, investment quotas, and easing qualification and investment restrictions for both the QFII and RQFII programs.</p>	<p>A broad investor base with different time horizons, risk preferences and trading motives is vital for stimulating active trading and high liquidity, enabling the government, corporates or financials to execute their funding strategies under a wide range of market conditions. More specifically, a broad investor base provides an important source of stability and liquidity to financial markets, aids in the efficiency of price discovery, reduces market volatility, and stimulates economic growth.</p>
<p>Financial Taxation</p>	<p>Market participants need more clarity on how the transition to the VAT will impact their institutions.</p>	<p>Chinese regulators must be more transparent regarding the transition from the Business Tax to the VAT, which can be accomplished by including the industry in the VAT pilot program.</p>	<p>ASIFMA supports the intent of the VAT system to eliminate double taxation of services, however, the financial services sector’s inability to participate in the pilot program to this point has not allowed the sector to properly gauge how the new tax scheme will affect financial institutions or the markets. The lack of clarity regarding the taxation of</p>

			<p>的不确定性，不利于中国 市场和参与者。</p>
<p>金融市场的监管</p>	<p>中国金融业监管部门 在起草和实施新法规 时必须更加透明。</p>	<p>中国监管部门的实施细则 应提高监管透明度和一致 性，真正进行市场协商程 序、充分通知新法规的实 施，并给公众充分的评议 时间。</p>	<p>中国金融服务业面临多龙 治水的问题，各监管机构 和准监管机构都有自己的 重点和程序。这些监管机 构之间监管调整的通告非 常不一致，复杂的新产品 或许可证审批程序继续成 为缺乏监管协调的受害 者。而更严重的是，制度 往往不明确，驳回或批准 的理由并未广泛披露，在 有些情况下制度本身也未 公布。有时甚至不明确是 否要求监管部门审批，或 监管部门本身也未能就审 批流程或程序达成一致。 中国监管机构必须改善协 调性和透明度，减少不确 定性，增强市场信心。</p>

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			<p>the financial services sector has generated a substantial amount of uncertainty, to the detriment of China's markets and market participants.</p>
<p>Regulation of Financial Markets</p>	<p>China's financial regulatory authorities must become more transparent when drafting and implementing new regulations.</p>	<p>Chinese regulators implement bylaws that foster greater regulatory transparency and consistency, genuine market consultation processes, ample notification of new regulations and sufficient time for public comment.</p>	<p>A large number of regulatory and quasi-regulatory bodies govern the financial services sector in China, each with its own priorities and processes. Notification of regulatory changes across these institutions is inconsistent, and the complex approval processes for new products or licenses continue to suffer from the absence of a coordinated regulatory approach. To make matters worse, rules are often unclear, reasons for denial or approval are not widely disclosed, and in some cases the rules themselves are not publicly available. At times it is not even clear which regulator's approval is required, and sometimes regulators themselves disagree about approval processes or procedures. China's regulatory agencies must increase their coordination and transparency to reduce uncertainty and foster confidence in the market.</p>