



Growing Asia's Markets

China Government Bond Market Roadmap

中国国债市场发展路线图

April 2014

www.asifma.org

ASIFMA is an independent, regional trade association with over 80 member firms comprising a diverse range of leading financial institutions from both the buy and sell side including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the US and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

亚洲证券业与金融市场协会 (ASIFMA)是一个地区性的独立倡导团体，拥有包括国际及地区性银行、资产管理公司与律师事务所、市场平台以及清结算服务提供者等 80 多个包括买方与卖方的金融机构会员。协会与会员在金融市场的共同利益中配合以拓展亚洲资本市场的流动，深入，及广阔的发展。ASIFMA 倡导稳定，创新，有竞争性的亚洲资本市场，以全力支持区域的经济的发展。我们致力于达成一致意见，找出解决方法，实现有效的改变，并对于关键事项达到全行业的统一声音。我们关注的区域包括监管机构及交易所的咨询，发展及统一行业标准，通过发表政策论文以倡导更深入的市场发展，以及降低亚太区域进行金融交易的费用。通过全球金融市场协会(GFMA)的协调，与位于欧洲的金融市场协会以及位于美国的证券业与金融市场协会一起提供全球最佳实施及行业标准去致利于区域发展。

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，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，而国债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国债市场的必要性、国债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、中国国债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

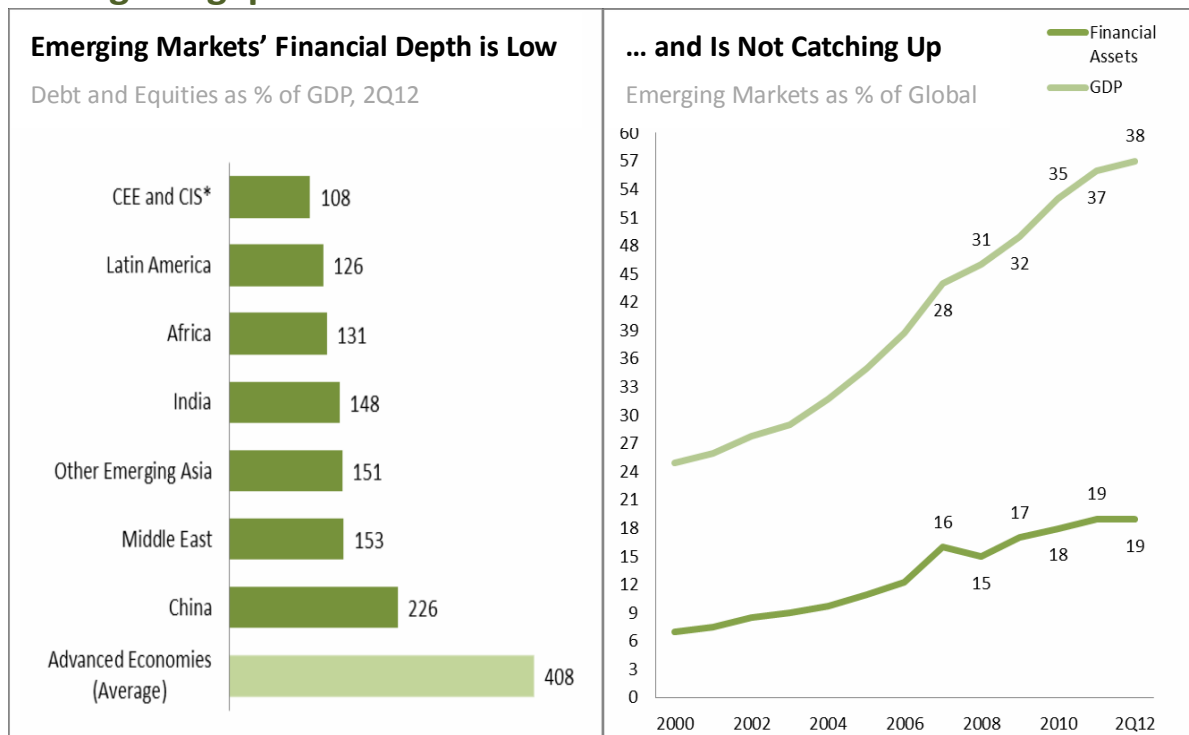
China's economy is at a pivotal crossroads. With its strategic emphasis on export-oriented growth, China has transformed itself into the world's second largest economy within the last two decades, powered by a labor-intensive manufacturing sector and extensive domestic investment. However, despite its 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 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 government 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 government 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. 中国国债市场现状

中国国债市场在改革开放以后开始起步发展，并在本世纪初开始步入了发展的快车道。截至 2013 年 12 月底，中国记账式国债存量达到 7.8 万亿元。

A. 国债发行市场

目前，中国国债发行品种主要有记账式国债和储蓄国债两种。储蓄国债是面向个人投资者销售的国债品种，机构不能参与。记账式国债允许机构投资者参与投资，也是目前发行量最大的国债品种。记账式国债发行年限为 0.25—50 年，其中 1、3、5、7、10 年期被称为关键期限国债，保持定期滚动发行的节奏。记账式国债采用面向国债承销团成员进行公开招标的方式发行，2013 年，中国记账式国债共发行 52 期，发行量为 1.34 万亿元。

B. 国债流通市场

中国国债流通市场包括交易所市场和银行间市场。交易所市场包括上海证券交易所和深圳证券交易所，市场参与者包括各类投资人，包括各类机构投资者（证券公司、基金公司、保险公司、商业银行¹等）和个人投资者。银行间国债市场由国债批发市场和国债柜台零售市场组成，其中银行间国债批发市场是国债交易和托管的主要场所，市场参与者包括各类金融机构，柜台零售市场参与者包括个人和非金融机构。国债交易方式包括现券交易、回购交易和远期交易等。2013 年，银行间国债市场成交额 55143 亿元，上交所国债市场成交额 436 亿元，深交所国债市场成交额 4 亿元，市场成交主要集中在银行间市场。

C. 存在的不足

经过多年的发展，中国国债市场已经取得了长足的进步。但也存在一些不足。一是二级市场流动性相对不足。尽管中国国债市场的存量规模已经名列世界前茅，但二级市场的换手率水平相对境外市场还有较大差距，市场流动性相对不足；二是国债交易机制有待进一步多元化。目前中国国债现货市场已经存在现货、回购、债券借贷等交易机制，但期货、期权等衍生品交易机制较为匮乏，市场缺乏有效的风险管理手段；三是中国债券市场长期存在银行间市场和交易所市场的分割，目前互联互通的机制不够畅通，两个市场的联系仍然不够紧密。

¹从 2009 年开始，在监管部门的推动下，我国 14 家上市商业银行可以进入交易所债券市场进行试点交易。

2. Current Status of Chinese Government Bond Markets

After reform and opening up, the Chinese bond market has entered the fast lane of development. As of December 2013, the Chinese bond market had reached 7.8 trillion Yuan (source: ChinaBond.com.cn).

A. Government Bonds Issuance

Currently, there are mainly two types of government bonds in the China market: book-entry treasury bonds and savings bonds. Savings bonds are mainly for individual investors, and institutional investors are not allowed to participate. Book-entry treasury bonds allow institutional investors to participate, and are currently the largest in terms of issuance. The terms of book-entry treasury bonds vary from 0.25 to 50 years, with the 1 year, 3 years, 5 years, 7 years, and 10 years known as critical term treasury bonds, routinely issued on a rolling basis. Book-entry treasury bonds depend on an underwriting syndicate for public tender. In 2013, China issued 52 book-entry treasury bonds (source: ChinaBond.com.cn), with an issuance of 1.34 trillion yuan (source: ChinaBond.com.cn).

B. Government Bond Market

China maintains a two-bond-market structure, the interbank over-the-counter (OTC) bond market and the exchange bond market. The exchange market includes the Shanghai Stock Exchange and Shenzhen Stock Exchange. Market participants vary from institutional investors (securities companies, funds, insurance companies, commercial banks, etc.) to individual investors. The interbank over-the-counter (OTC) bond market includes wholesale market and retail counter market. The wholesale market is the main place for wholesale trading and bond custody, whose participants include various types of financial institutions, while the retail market includes individual investors and non-financial institutions. The types of government bond transactions include spot transactions, repurchase transactions and forward transactions. In 2013, the turnover of the inter-bank bond market reached 5.5143 trillion yuan (data source: China Foreign Exchange Trade System web site), mainly in the inter-bank market, with the Shanghai Stock Exchange bond market of 43.6 billion yuan and the Shenzhen Stock Exchange bond market of 400 million yuan.

C. Remaining Weaknesses

After years of development, China's government bond market has made considerable progress. But there are still some weaknesses. First, there is a lack of liquidity in the secondary market. Although the market scale of the Chinese government bond market ranked among the top of the world, the turnover level of the secondary market remains relatively low, and compared to overseas markets there is a large gap in market liquidity. Second, the trading mechanisms are not sufficiently diversified. The Chinese government bond spot market already includes several trading mechanisms, namely spot bonds, repo, securities lending and some others, but the mechanism for futures, options and other derivatives are less developed, and the market lacks an effective risk management mechanism. Third, the Chinese bond market has maintained a two-bond-market structure for a long period of time and currently lacks interoperability between the two markets.

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、人口的老齡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。

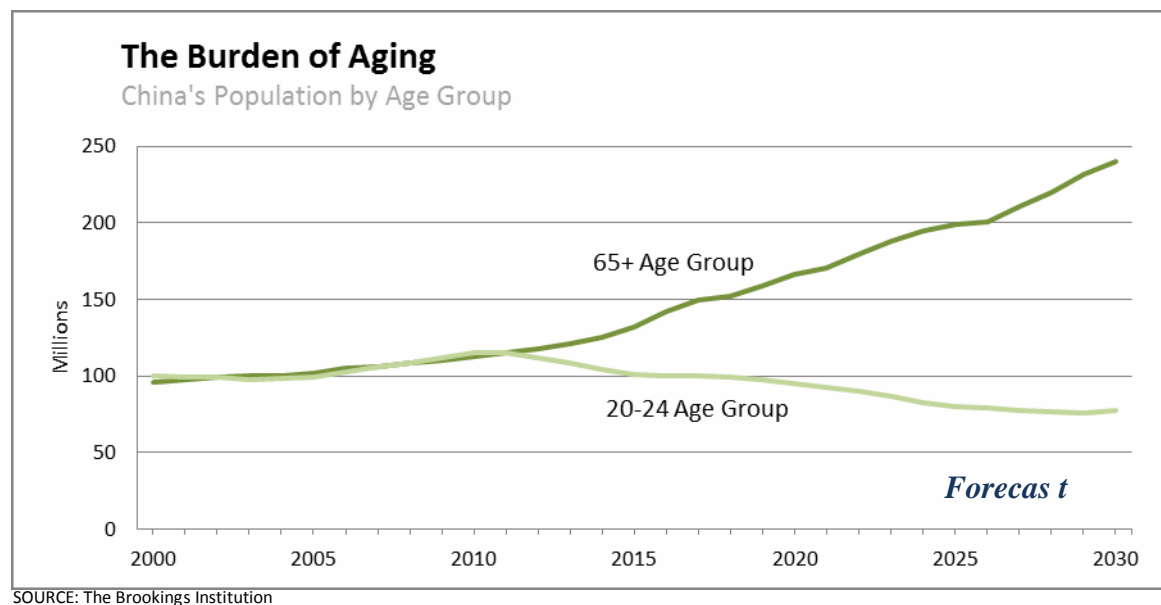
在下一个十年，解决中国人口老齡化需求的方案将会大量消耗政府财政，从而减少为满足基础设施、教育、城镇化和其他方面需求而可用的公共资金。而债券市场拓展将帮助解决日益艰巨的社会保障网络扩张压力，同时为中国的城镇化和社会发 展工作提供足够的长期资本。另外，尽管随着消费对经济的作用提高，支出加大会降低储蓄率，但中国的高储蓄率仍然可以通过资本市场向私人养老金和保险替代产品引导，从而可以进一步降低人们对政府计划和国内银行机构的依赖。

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。但由于中国债券市场不完善，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。

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 savings rates driven by the absence of 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.



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, including bonds 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

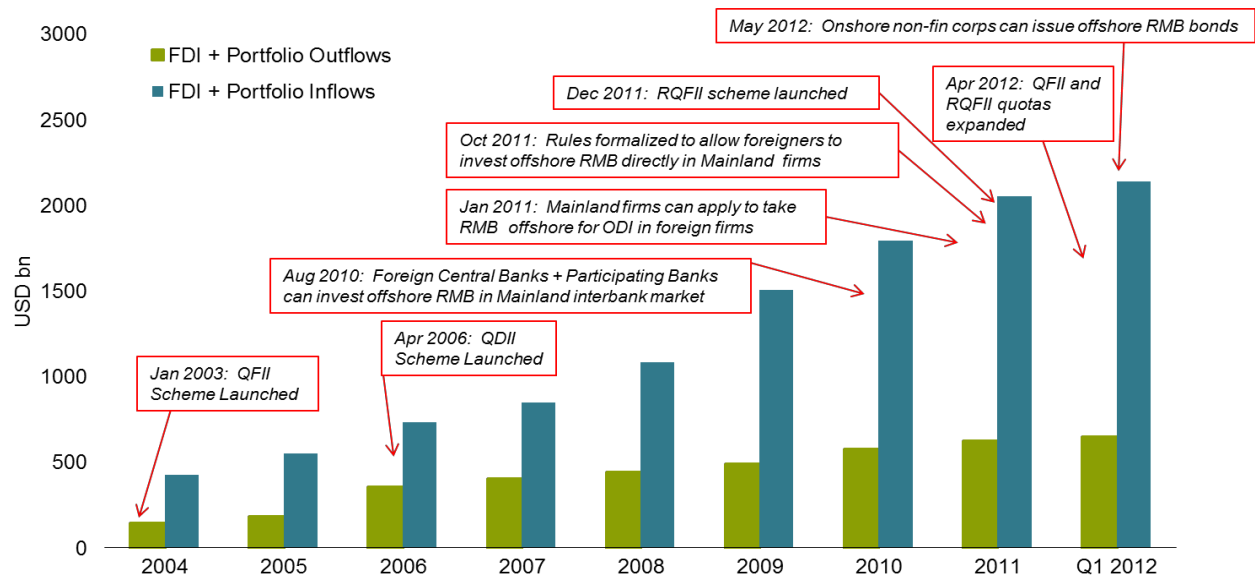
rate, even if reduced by greater spending in a more consumer-driven economy, can be funneled through capital markets into private pension and insurance alternatives that could further reduce the population's reliance on government programs and domestic banking institutions.

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

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，促进债券市场的发展，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 bonds 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 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 bond market development to 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. 建设更稳健的中国国债市场

国债市场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）。

2012 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。2013 年底，中国共产党的十八届三中全会明确提出：“加快推进利率市场化，健全反映市场供求关系的国债收益率曲线”。这意味着中国政府将加大推进利率市场化的力度，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. 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基础的

4. Establishing More Robust Government Bond Markets

The further development of government bond markets 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. This paper will discuss in detail the key technical factors in maintaining a sound bond market, improving the financial market infrastructure and other relevant issues.

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 high

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.

In 2012, 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). At the end of 2013, during the Third Session of the eightieth Plenary Meeting of the Communist Party of China, it was clearly stated: "Accelerate the marketization of interest rate, improve the Treasury bond's yield curve showing the relationship between market supply and demand." This means that the Chinese government will enhance their efforts in interest rate marketization, which is essential to the reform of China's capital markets.

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。中国的商业银行购买国债来满足其资产配置的要求，因此往往会将这些债券持有至到期。此外，中国的银行购买和持有国债时享受税收优惠，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。我们强烈建议监管部门取消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。

C. 二级市场交易

优化国债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），支持成熟的国债和货币市场的发展，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。

国债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，方便国债的卖空；3) 活跃、高

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，并进一步减少银行购买并持有政府债券的动力，完善国债市场的投资渠道并提高流动性。

我们赞赏中国财政部在 2012 年建立了国债续发行的机制并于 2013 年推出预发行，为“指标”国债创造了更深的基准，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。梳理国债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。

流动性的国债期货市场；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。

当前，中国人民银行和财政部已要求做市商为每个关键期限的四种最新发行的国债提供双向报价，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，国债二级市场仍然受到流动性缺乏的困扰。

B. 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 commercial banks perform their asset allocation by buying government bonds and therefore, tend to hold them until maturity. Market participants have expressed concern that this dynamic renders the yield curve effectively meaningless because the yield on these bonds does not reflect market conditions. ASIFMA

strongly urges regulators to 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 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 in 2013, which created a deeper benchmark for “on-the-run” government bonds and improved liquidity at certain points along the yield curve. However, the liability 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.

C. 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 “riskfree” 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.

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.

D. 回购市场

“传统”债券回购市场是指敞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。

E. 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。

经过长期的准备，2013年9月6日中国5年期国债期货终于在中国金融期货交易所

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文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。

正式挂牌交易。从这几个月的情况看，市场运行非常稳健，功能开始初步显现，尽管交易量和持仓量还处于较低水平，但已经超过美国国债期货上市初期的水平，市场的培育和发展需要一个长期的过程。

作为套期保值并加速形成合理的市场化基准利率的重要工具，国债期货的推出具有重要意义，可以预计，在接下来推动中国利率市场化的改革中，国债期货必将发挥举足轻重的作用。一是有助于促进收益率曲线的形成。国债期货是一个重要的催化剂，随着国债期货的运作，能够推动国债现货市场，尤其是二级市场流动性的提高，从而促进国债市场作为基准利率载体价格发现功能的发挥，并不断完善中国的收益率曲线。二是提

Currently, PBOC and MOF implemented 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.

D. 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. Moreover, 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-rates 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.

E. 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.

After a long period of preparation work, the 5-year government bond futures officially listed for trading on the China Financial Futures Exchange on September 6, 2013. The market has been running smoothly since then, and began to have a positive impact on the overall market, although trading volume and open interest remains low, but still exceeded that of the initial stage of U.S. Treasury futures. The market still needs a considerable time to develop and flourish.

Government bond futures are an important tool in hedging and discovering the reasonable market benchmark interest rate. In the next round of interest rate marketization, government bond futures will play a pivotal role. First, they will help form the yield curve. Government bond futures is an important catalyst in improving liquidity of the

高了债券市场的信息效率和定价效率，从而为推进利率市场化创造有利条件。国债期货市场的出现，不是简单地增加了一个市场，而是提供了基础性的交易产品和交易机制，促进了产品创新，使得原有国债市场的内涵和范围得到了延伸和拓展，产生了显著的期现货市场长期协同效应，提高了债券市场的信息效率和定价效率，推进了利率市场化。三是可以在利率市场化进程中协助金融机构

管理利率风险，提高资产管理效率并推动金融产品创新。

我们认为中国金融期货交易所推进利率市场化改革进程中取得的成果卓有成效，同时期待中国金融期货交易所进一步推动国债期货持续发展。积极开展新品种研发工作，推出 10 年期国债期货、短期利率期货等其他品种，构建较为完善的利率期货产品体系。

secondary market, thus contributing to form the yield curve. Second, they improve the efficiency of bond market communication and pricing, thereby creating favorable conditions for interest rate marketization. Government bond futures not only bring a new product to the market, but form a basis for trading and further market innovation. Government bond futures deepen the original bond market, which result in significant long-term synergies between the spot market and futures market. Government bond futures improve efficiency in pricing and communication. Third, they help financial institutions manage risk in the

process of interest rate marketization, and improve asset management efficiency and promote innovation.

ASIFMA believes China Financial Futures Exchange has made considerable progress in interest rate marketization and we look forward to their further progress in the development of new interest rate products, such as the introduction of the 10-year bond futures, short term interest rate futures, and the introduction of a more comprehensive suite of products.

F. 扩大投资者群

庞大的多元化投资者群是保证所有债券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。在国债市场，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。而在国债期货市场，持有和交易国债现货最重要的投资者—商业银行却被挡在市场之外。我们建议尽快推动商业银行进入国债期货市场，这将有利于提高国债期货市场的流动性，促进功能发挥。

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。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。但目前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。

F. 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 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.

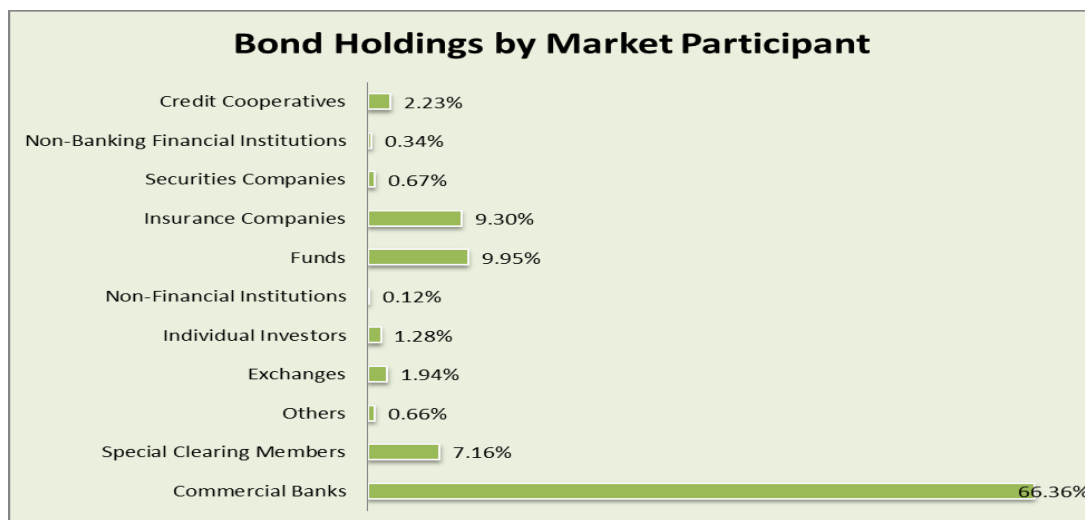
Recently, China has made progress broadening its investor base, both domestic and foreign. However, much work still needs to be done. There is still a limited number of pension funds, insurance companies and hedge funds that are active in the domestic market and foreign firms, who could bring necessary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

In the bond futures market, bond holders and most important traders in the spot market are not allowed to participate in the futures market. We propose to accelerate the progress of allowing commercial banks to enter the bond futures market, which will help to improve liquidity and promote the functioning of the bond futures market. 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. 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. 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.

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。我们建议中国监管部门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。



Source: Chinabond.com.cn, 2012

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 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.

G. 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等对于完善的金融市场至关重要。

中国金融服务业面临的多头治理现状使问题更加复杂。中国监管机构应改善协调性和透明度，减少不确定性，增强市场信心。

最近在上海开展的自贸区建设反映了中国政府进一步扩大开放，推动金融创新的决心，尽管仍面临一些挑战，但展望未来，我们对中国国债市场的发展保持乐观和期待。

G. Regulatory Process

China's regulatory and jurisdictional uncertainty is an 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 governing the financial services sector in China add to the complexity. China's regulatory agencies should increase their coordination and transparency to reduce uncertainty and foster confidence in the market.

The recently launched Free Trade Zone in Shanghai reflects Chinese government's commitment to further opening up and reform the financial industry. Although there are still some challenges, looking into the future we remain optimistic about the Chinese bond market.



UNIT 3603, TOWER 2

LIPPO CENTRE

89 QUEENSWAY

ADMIRALTY

HONG KONG

TEL +852 2531 6500

WWW.ASIFMA.ORG