

# China's Regulatory Reform Timeline

## Key Milestones

### 2021

#### China Drafts New Guidelines for Domestic Credit Rating Agencies 28 March 2021

The People's Bank of China (PBOC), in conjunction with the National Development and Reform Commission (NDRC), the Ministry of Finance (MOF), the China Banking Regulatory Commission (CBRC) and the China Securities Regulatory Commission (CSRC), have drafted the "Notice on Promoting the High-quality and Healthy Development of the Bond Market Credit Rating Industry" for public comment. The aim is to promote the standardized development of the bond market credit rating industry, improve the quality and competitiveness of China's credit rating, and promote the credit rating industry to better serve the overall situation of the healthy development of the bond market. Feedback is due by April 12, 2021.

<http://www.pbc.gov.cn/tiaofasi/144941/144979/3941920/4215457/index.html>  
(Chinese)

#### CBIRC Removes Foreign Ownership Cap of Life Insurance Companies 19 March 2021

The CBIRC has removed the foreign ownership cap of life insurance companies but has included a new rule for national security reviews if the investment affects or may affect national security.

<https://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=971672&itemId=915&generaltype=0> (Chinese)

#### China Launches Multi-Currency Cash Pooling Pilot for Multinational Companies 12 March 2021

On March 12, the People's Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE) launched the first batch of pilot projects for the integrated domestic and foreign currency fund pool business of multinational companies in Shenzhen and Beijing to further facilitate the coordinated use of cross-border funds of multinational companies and corporate groups. Highlights include the adjustment of foreign debt and overseas lending quotas and the ability of multinationals to purchase foreign exchange at will within a certain amount.

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4204994/index.html>  
(Chinese)  
<http://shenzhen.pbc.gov.cn/shenzhen/122807/4207003/index.html> (Chinese)

## HKMA Announces Enhanced Currency Conversion Arrangement Involving Onshore RMB (CNY) Under Northbound Bond Connect

5 March 2021

Pursuant to the China Foreign Exchange Trade System (CFETS) notice issued on 24 September 2020, the Hong Kong Monetary Authority (HKMA) provided guidance for banks providing enhanced currency conversion and foreign exchange hedging services under Bond Connect.

<https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210305e1.pdf>

## Measures for the Depositing of Clients' Reserves of Non-bank Payment Institutions

19 January 2021

“Order of the People's Bank of China [2021] No.1” outlines measures to regulate the management of customer reserve funds of non-bank payment institutions, protect the legitimate rights and interests of the parties, and promote the healthy and orderly development of the payment industry. The measures are effective from March 1, 2021.

[http://www.gov.cn/zhengce/zhengceku/2021-01/23/content\\_5582141.htm](http://www.gov.cn/zhengce/zhengceku/2021-01/23/content_5582141.htm) (Chinese)

## Notice on Further Optimizing Cross-border RMB Policies to Support Stabilizing Foreign Trade and Foreign Investment (Yin Fa [2020] No. 330)

4 January 2021

The People's Bank of China together with 5 other Chinese regulators issued new rules covering the promotion of higher-level trade and investment facilitation of RMB settlement around the needs of the real economy, further simplifying the cross-border RMB settlement process, optimizing the management of cross-border RMB investment and financing, and facilitating personal current accounts. The rules are effective from February 4, 2021.

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4157371/index.html> (Chinese)

2020

## China Releases New QFII/RQFII Rules

25 September 2020

The China Securities Regulatory Commission (CSRC), the People's Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE) jointly issued measures to consolidate the QFII/RQFII schemes into one and expand the investment scopes for QFII/RQFII. The new regulations take effect on November 1, 2020.

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/release/202009/t20200925\\_383652.html](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/release/202009/t20200925_383652.html)

*Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (CSRC, PBOC and SAFE)*

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/release/202009/P020200925685894308812.pdf](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/release/202009/P020200925685894308812.pdf)

*Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (CSRC)*

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/release/202009/P020200925685894935344.pdf](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/release/202009/P020200925685894935344.pdf)

## CFETS Announces Enhancements to Currency Conversion and Foreign Exchange Hedging Under Bond Connect

24 September 2020

China Foreign Exchange Trade System (CFETS) published the "Notice on the Implementation of the Enhanced Arrangements of the Currency Conversion and FX Risk Management under the Bond Connect Scheme". Each Bond Connect investor will now be able to select no more than three Hong Kong SAR settlement banks to conduct currency conversion and foreign exchange hedging services.

<http://www.chinamoney.com.cn/english/rarfmrrudrgl/20200924/1785566.html>

## Implementation Measures for the Protection of the Rights and Interests of Financial Consumers of the People's Bank of China 15 September 2020

The implementation orders outlined in “Order of the People's Bank of China [2020] No. 5” aim to protect the legitimate rights and interests of financial consumers, regulate the conduct of financial institutions to provide financial products and services, maintain a fair and just market environment, and promote the healthy and stable operation of the financial market. The implementation measures highlight that banks and payment institutions must not refuse to provide financial products or services on the grounds that financial consumers do not agree to the processing of their financial information, unless the processing is necessary to provide financial products or services.

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4098472/index.html>  
(Chinese)

## Tentative Measures for the Supervision and Administration of Financial Holding Companies 11 September 2020

On September 11, 2020, China's State Council and the People's Bank of China (PBOC) issued rules governing domestic financial holding companies. “Order of the People's Bank of China [2020] No. 4” seeks to regulate the acts of financial holding companies, strengthen the supervision and administration of the establishment of financial holding companies by non-financial enterprises, and prevent systemic financial risks. The measures are effective as of November 1, 2020.

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4092987/index.html>  
(Chinese)

## Yin Fa [2020] No. 95 14 May 2020

Opinions of the People's Bank of China, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission, and the State Administration of Foreign Exchange on Financial Support for the Construction of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). The measures introduced various support mechanisms concentrating on cross-border investment and financing facilitation, financial market and financial infrastructure connectivity, and the internationalization of RMB (promoting the use of RMB currency in the GBA).

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4023428/index.html>  
(Chinese)

<https://www.amcham-shanghai.org/en/article/greater-bay-area-and-hainan-ftp-comparing-chinas-preferential-policies#!> (English)

## PBOC & SAFE Remove QFII/RQFII Investment Quotas and Promote Further Opening-up of China's Financial Market 7 May 2020

The People's Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE) issued the "Regulations on Funds of Securities and Futures Investment by Foreign Institutional Investors" (PBOC & SAFE Announcement [2020] No. 2), to standardize and simplify administrative requirements on the remittance and repatriation of funds as well as currency exchanges by foreign institutional investors, aiming to better facilitate foreign investors' participation in China's financial market.

<http://www.safe.gov.cn/en/2020/0507/1677.html>

<http://www.safe.gov.cn/safe/2020/0507/16130.html> (Chinese)

Q&A: <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/4019498/index.html> (Chinese)

## Implementation Measures of the PBOC for Administrative Licensing 20 March 2020

The People's Bank of China (PBOC) has issued new rules to improve the efficiency of administrative licensing with the help of information technology. The new rules replace those from 2004 and are effective from June 1, 2020.

[http://www.gov.cn/gongbao/content/2020/content\\_5525095.htm](http://www.gov.cn/gongbao/content/2020/content_5525095.htm) (Chinese)

### 2019

## Circular of the State Administration of Foreign Exchange Further Promoting Cross-border Trade and Investment Facilitation (Circular No. 28) 23 October 2019

Circular No. 28 aims to further liberalize and streamline the foreign exchange control over cross-border trade and foreign investment.

<http://www.safe.gov.cn/en/2019/1025/1596.html>

Notice of the People's Bank of China and the State Administration of Foreign Exchange on Matters concerning Further Facilitating Foreign Institutional Investors' Investment in the Interbank Bond Market (Yin Fa [2019] No. 240) 16 October 2019

The PBOC and SAFE jointly issued new rules further facilitating foreign institutional investors to invest in the domestic interbank bond market.

<http://www.safe.gov.cn/safe/2019/1015/14366.html> (Chinese)

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3903915/index.html> (Chinese)

CSRC Announces Timetable to Remove Equity Cap in Foreign-invested Securities and Fund Management Firms 15 October 2019

The CSRC announced foreign ownership limits in fund management companies will be removed nationwide as of April 1st, 2020 and foreign ownership limits in securities companies will be removed as of December 1st, 2020.

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/release/201910/t20191015\\_364440.html](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/release/201910/t20191015_364440.html)

Removal of Foreign Ownership Limit in Foreign-Invested Futures Companies 15 October 2019

The CSRC announced that the foreign ownership limit in foreign-invested futures companies will be fully removed as of January 1, 2020. Qualified foreign investors can apply for 100% ownership in domestic futures companies and the CSRC will review the applications in accordance with laws and regulations.

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/release/201910/t20191015\\_364441.html](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/release/201910/t20191015_364441.html)

## SAFE Abolishes Investment Quota Restrictions of Qualified Foreign Institutional Investors (QFII/ RQFII) and Further Expands Opening up of Financial Markets 10 September 2019

The State Administration of Foreign Exchange has decided to cancel the investment quota limitations of qualified foreign institutional investors (QFII) and RMB qualified foreign institutional investors (RQFII).

<http://www.safe.gov.cn/en/2019/0910/1552.html>

## Relevant Measures Concerning Further Expansion of External Opening of the Financial Sector 20 July 2019

The State Council's Office of Financial Stability and Development Committee issued 11 measures for further opening of the financial industry, including allowing foreign-funded institutions to conduct credit rating business in China.

<http://www.pbc.gov.cn/en/3688110/3688172/4048311/3863256/index.html>

## Shanghai-London Stock Connect Receives Regulatory Approval 17 June 2019

The Financial Conduct Authority (FCA) and the China Securities Regulatory Commission (CSRC) made a joint announcement of their approval of the Shanghai and London Stock Exchanges' proposed new Shanghai-London Stock Connect.

<https://www.fca.org.uk/news/press-releases/fca-and-csrc-announce-their-support-shanghai-london-stock-connect-scheme>

2018

## China Liberalizes Capital Repatriation and FX Management for QFII/RQFII

10 June 2018

The People's Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE) issued new rules to aid the repatriation of capital and the management of foreign exchange risks in association with securities investments of qualified foreign institutional investors (QFII) and RMB-qualified foreign institutional investors (RQFII). The new rules, which take effect from 12 June 2018, remove the cap on monthly repatriation by dollar-denominated QFII and the lockup period on investment principals for both QFII and RQFII. SAFE has also allowed QFII and RQFII to engage in forex hedging in China.

*Provisions on the Foreign Exchange Administration of Domestic Securities Investment by Qualified Foreign Institutional Investors (SAFE)*

[http://www.gov.cn/gongbao/content/2018/content\\_5341411.htm](http://www.gov.cn/gongbao/content/2018/content_5341411.htm) (Chinese)

*Circular of the PBOC and SAFE on the Management of Domestic Securities Investment by RMB Qualified Foreign Institutional Investors (Yin Fa [2018] No. 157)* (PBOC and SAFE)

<http://www.safe.gov.cn/en/file/file/20180913/d732e8c2ca454357963b28a1209336b7.pdf?n=Document%20of%20People%27s%20Bank%20of%20China%20and%20State%20Administration%20of%20Foreign%20Exchange>

## CSRC Officially Released Administrative Measures for Foreign-Invested Securities Companies

29 April 2018

The CSRC officially lifts foreign investment caps with immediate effect.

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/release/201804/t20180429\\_337511.html](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/release/201804/t20180429_337511.html)

Q&A:

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/PressConference/201804/t20180429\\_337512.html](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/PressConference/201804/t20180429_337512.html)



## PBOC Names JPMorgan First Non-Chinese Yuan Clearing Bank 13 February 2018

The People's Bank of China appointed JPMorgan Chase Bank N.A. as a yuan clearing bank in the U.S., the first non-Chinese lender for such a role globally and a further step to promote international use of the currency.

<https://www.rmbusawg.com/working-group-u-s-rmb-trading-clearing-welcomes-designation-jpmorgan-u-s-clearing-bank/>

2017

## China Lifts Foreign Ownership Limit 10 November 2017

China plans to relax the investment ratio of single or multiple foreign investors directly or indirectly in securities, fund management, and futures companies. On 10 November 2017, Vice Finance Minister, Zhu Guangyao announced that foreign firms will be allowed to own up to 51% in securities ventures.

<http://www.scio.gov.cn/xwfbh/xwfbh/wqfbh/35861/37326/zy37330/Document/1605710/1605710.htm> (Chinese)

## Trial Operation of Northbound Trading on Bond Connect Announced 2 July 2017

The People's Bank of China and the Hong Kong Monetary Authority have approved the launch of mutual bond market access between Hong Kong SAR and Mainland China (Bond Connect). Trial operation of Northbound Trading will commence on 3 July 2017.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2017/07/20170702-3/>

## Bond Connect Approved by the PBOC and the HKMA 16 May 2017

In order to promote the development of the bond markets in Hong Kong and Mainland China, the People's Bank of China (PBOC) and the Hong Kong Monetary Authority (HKMA) have approved the establishment of mutual bond market access between Hong Kong and Mainland China (Bond Connect).

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2017/05/20170516-5/>

2016

## Bank of China New York Branch Designated as RMB Clearing Bank for the U.S. 20 September 2016

The People's Bank of China (PBOC) designated Bank of China's New York branch to provide RMB clearing and settlement services in the United States, as recommended by the Working Group in its Roadmap for Action and agreed to in June 2016 in the U.S.-China Strategic and Economic Dialogue.

<https://www.rmbusawg.com/working-group-us-rmb-trading-clearing-applauds-designation-us-clearing-bank/>

## CSRC Removes Asset Allocation Restriction on QFII/RQFII 10 September 2016

To provide convenience for investment operations and to bring in more long-term foreign capital, the CSRC, in principle, will lift the limits previously imposed on the asset allocation of QFII and RQFII, who will then have full discretion on this matter.

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/release/201611/t20161117\\_306094.html](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/release/201611/t20161117_306094.html)

## Shenzhen-Hong Kong Stock Connect Approved 17 August 2016

The China Securities Regulatory Commission (CSRC) and the Securities and Futures Commission (SFC) have approved, in principle, the establishment of mutual stock market access between Shenzhen and Hong Kong (Shenzhen-Hong Kong Stock Connect).

[http://www.csrc.gov.cn/pub/csrc\\_en/newsfacts/release/201608/t20160817\\_302259.html](http://www.csrc.gov.cn/pub/csrc_en/newsfacts/release/201608/t20160817_302259.html)

## China Awards RQFII Quota to the U.S. 7 June 2016

Following the Strategic & Economic Dialogue between the U.S. and China on June 6 and 7, 2016, China granted the U.S. a quota of RMB 250 billion (USD 38 billion) under the Renminbi Qualified Foreign Institutional Investor (RQFII) program, the largest quota allocated to a country outside of Hong Kong.

<https://www.rmbusawg.com/working-group-us-rmb-trading-clearing-applauds-sed-action-publicly-releases-roadmap-action/>

<https://www.treasury.gov/press-center/press-releases/Pages/jl0484.aspx>

## Additional Resources

[People's Bank of China \(PBOC\)](#)

[China Banking and Insurance Regulatory Commission \(CBIRC\)](#)

[China Securities Regulatory Commission \(CSRC\)](#)

[State Administration of Foreign Exchange \(SAFE\)](#)

For more information, visit <http://www.rmbusawg.com>.