



CHINA FOREIGN EXCHANGE TRADE SYSTEM

中國外匯交易中心

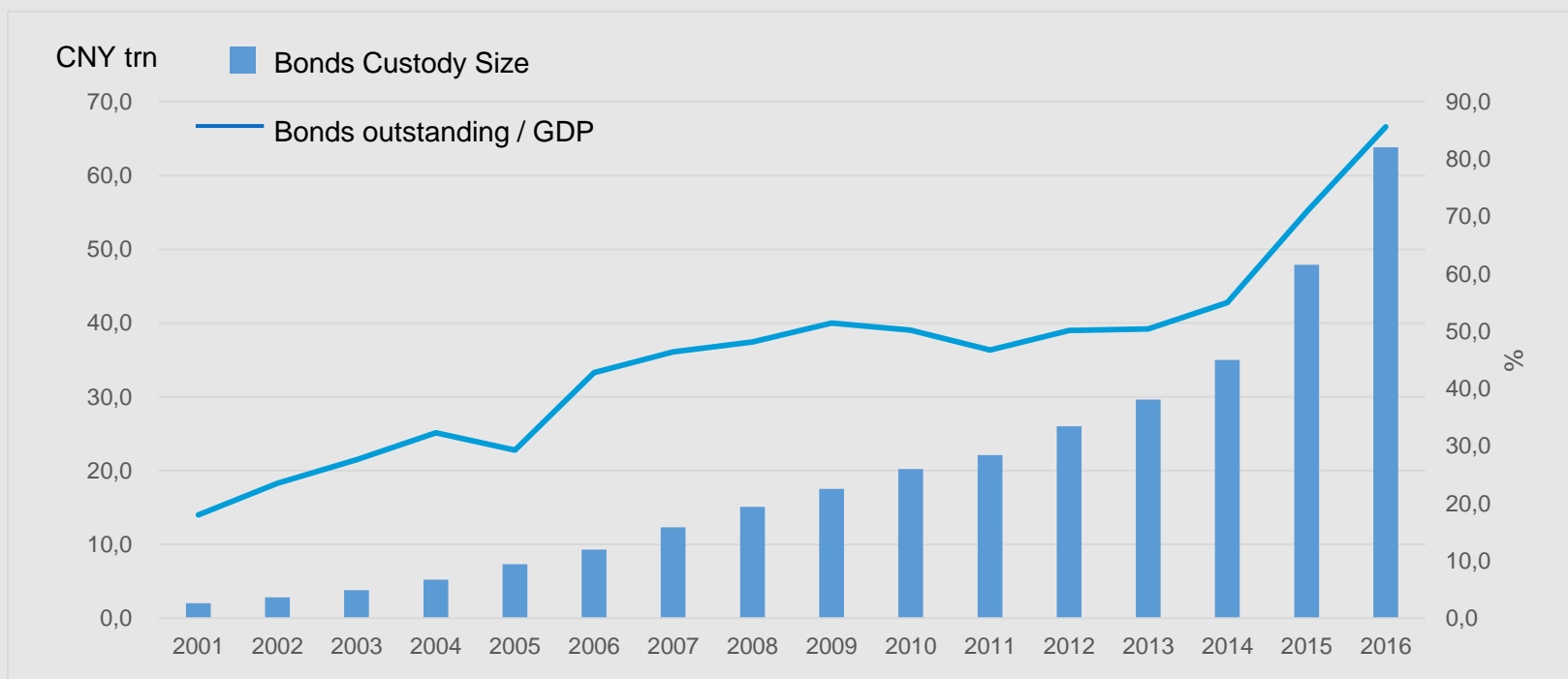
全國銀行間同業拆借中心

NATIONAL INTERBANK FUNDING CENTER

The reform development and opening-up of China bond market

April 2017

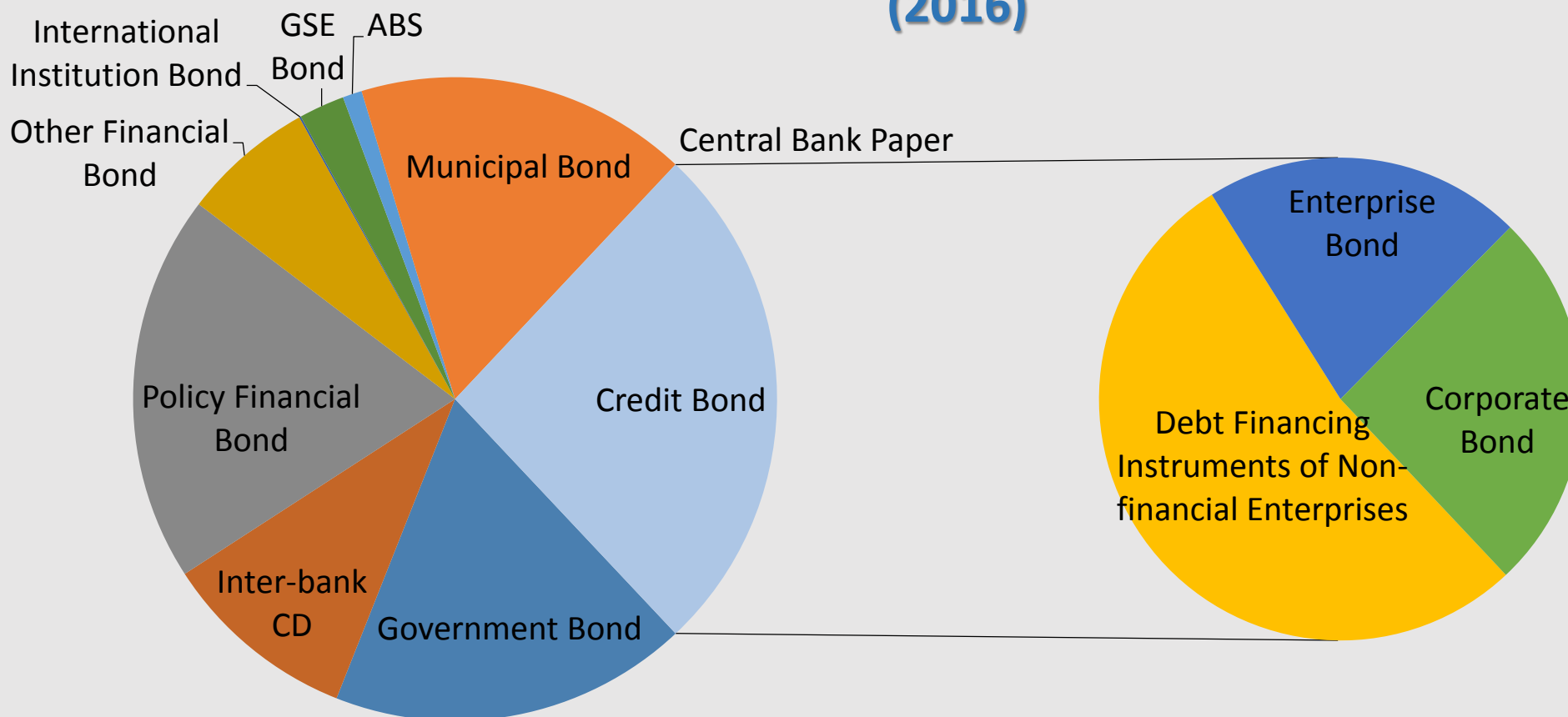
Exhibit1: China's bond market Overview (2001-2016)



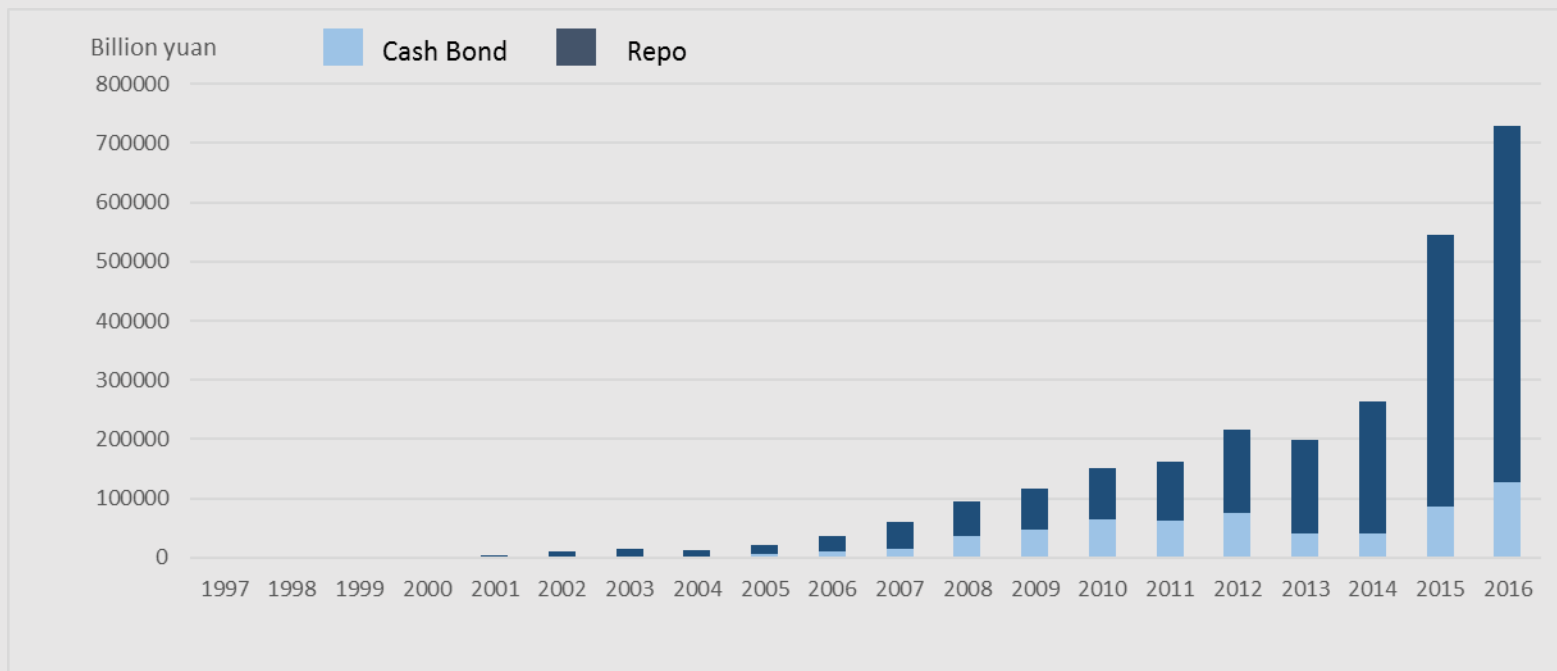
Data source: NBS, CCDC, SHCH, Wind, PBOC

- By the end of 2016, the outstanding size of all bond securities was 63.8 trillion Yuan, around 85.6 % of GDP.
- By the end of 2016, the outstanding size of corporate bonds was 17.5 trillion Yuan.

Main products in China's bond market (2016)



Trading Volume of inter-bank bond market

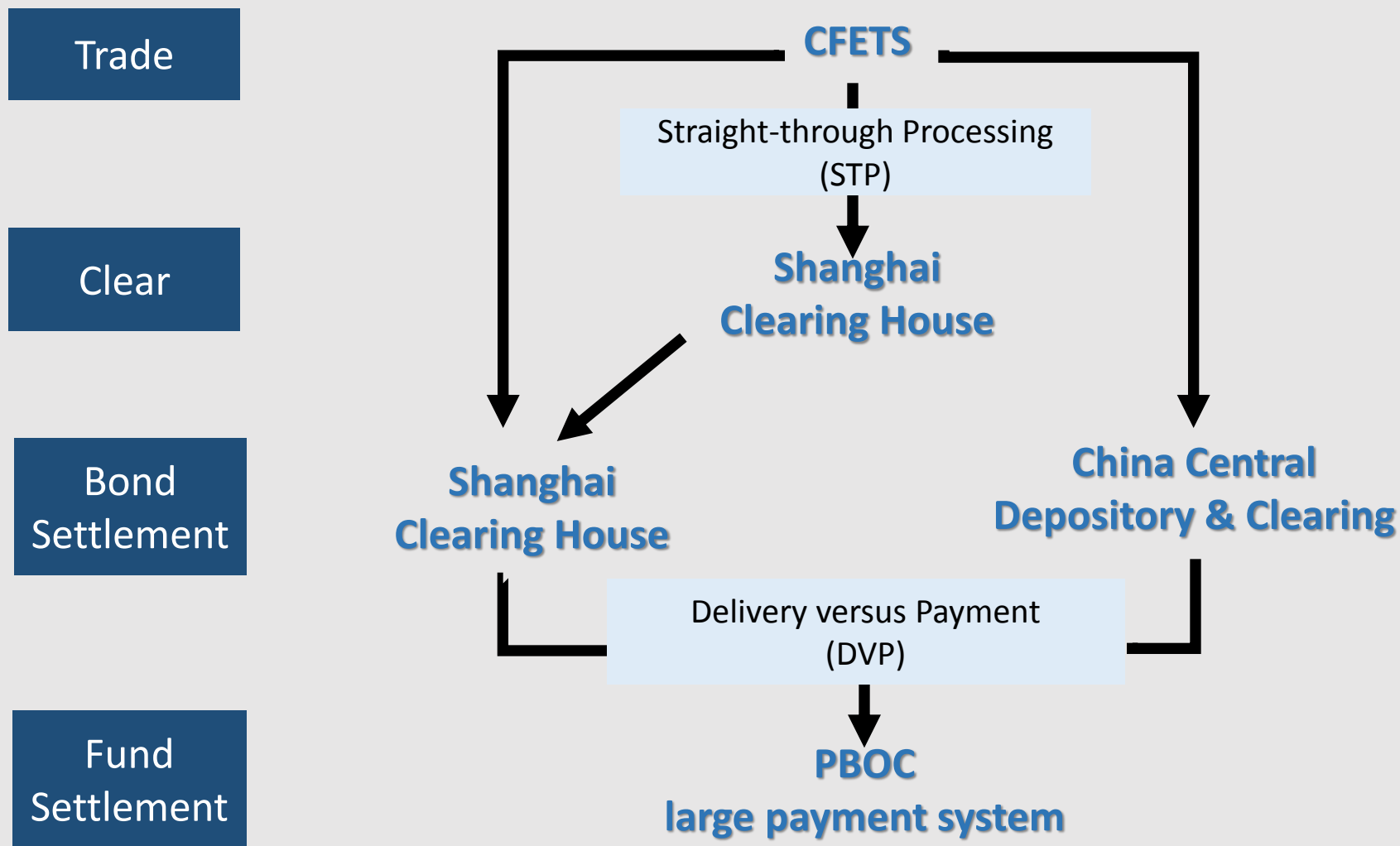


Data source: CFETS

In 2016, CIBM trading volume was about **728** trillion, with year-on-year growth of **33.8%**

- Bond repo: 601.3 trillion with growth rate of 31.4 %
- Cash bond: 127.1 trillion with growth rate of 46.5 %

1.4 Well-Established Infrastructure System for CIBM



2.1 5 Steps for overseas investors to participate in CIBM

1

Signing agency agreement and Filing

2

Opening accounts and Network connection

3

Preparation (account funding, transaction agreements)

4

Intestments and settlement

5

Selling and fund withdraw

Since 2015

Foreign Central Banks, RMB clearing banks and participating banks are allowed to trade Bond Repo in CIBM

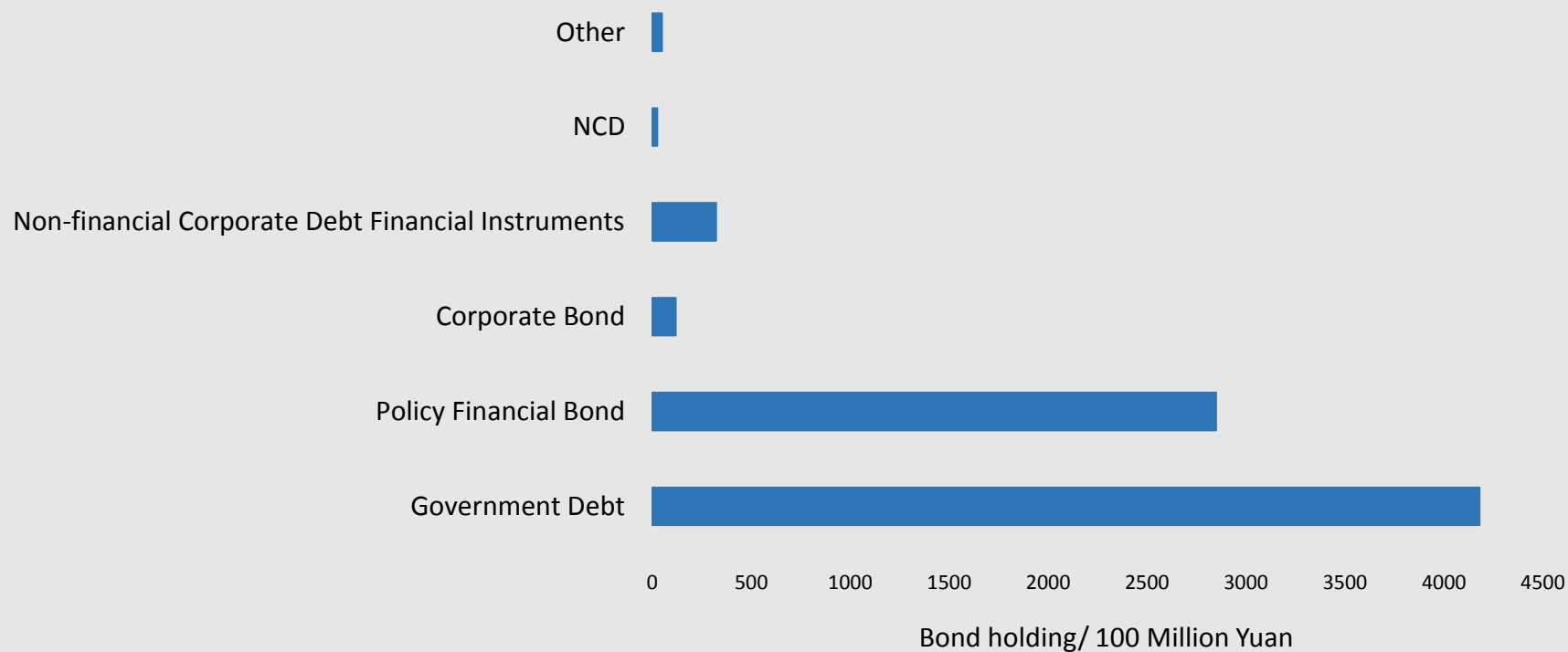
Since 2016

- ◆ **N**o.3 public notice announced by PBOC
- ◆ **S**implified filing procedures for foreign institutions
- ◆ **N**o investment quota limitation
- ◆ **S**trengthened the relevant macro-prudential management.

By the end of 2016, **405** foreign investors are registered to participate in CIBM.

2.3 Attribution of Foreign Institutions in CIBM

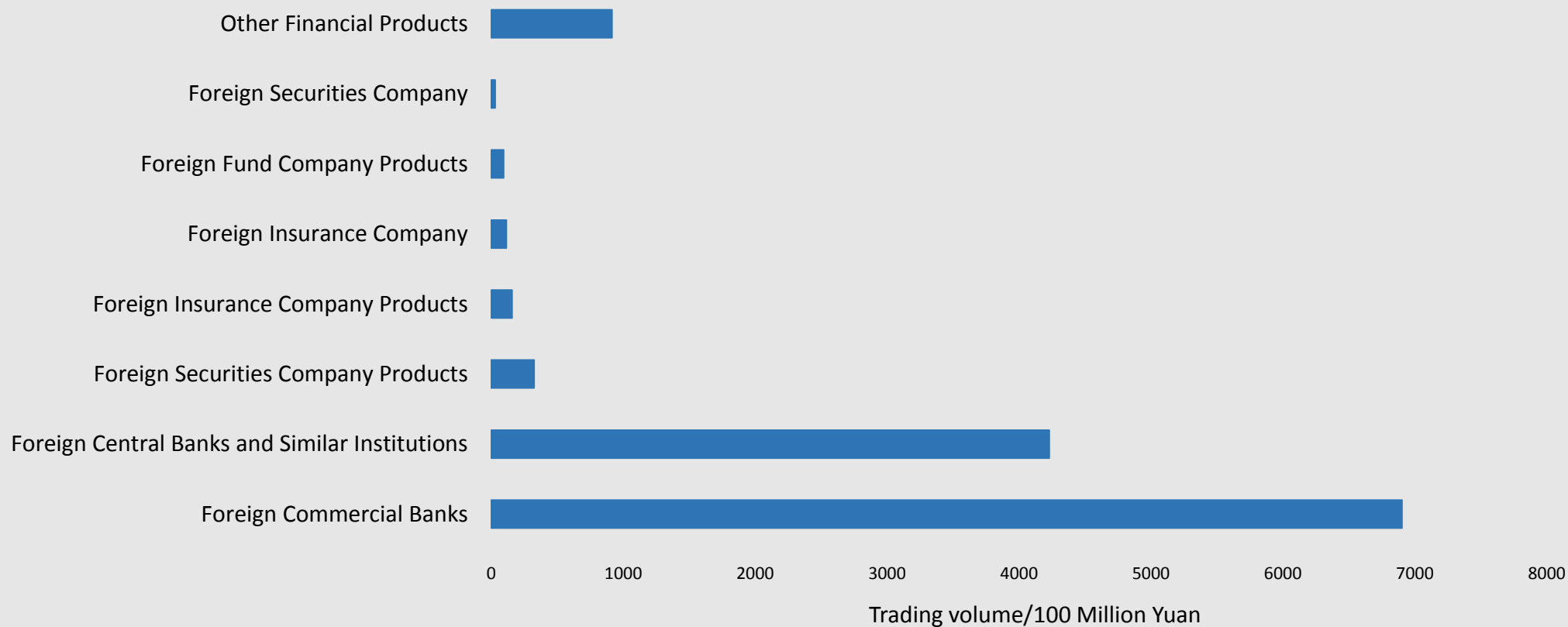
Bond holdings of foreign investors by Feb. 2017



Data source: CCDC, SHCH

2.4 Attribution of Foreign Institutions in CIBM

Trading Volume of different foreign institutions (Dec. 2016)



Data source China Foreign Exchange Trading System (CFETS)



Standard Chartered



HSBC



BNP PARIBAS


 中国建设银行
 China Construction Bank

 招商银行
 CHINA MERCHANTS BANK

Deutsche Bank


 中信银行
 CHINA CITIC BANK

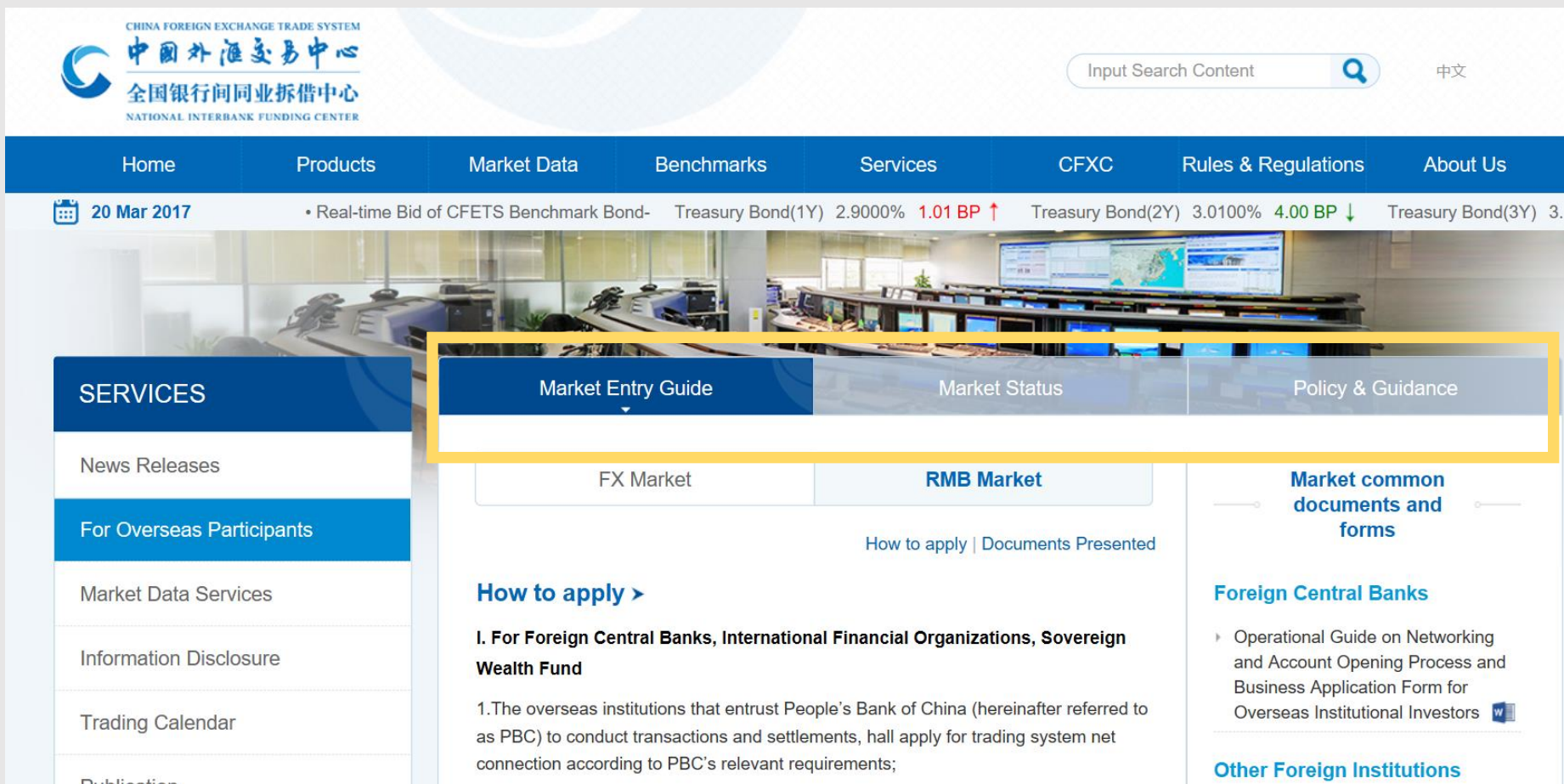
 成都银行
 BANK OF CHENGDU

 浦发银行
 SPD BANK


 厦门银行
 Xiamen Bank

 南京银行
 BANK OF NANJING

<http://www.chinamoney.com.cn/english/svcfop/>



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20 Mar 2017 • Real-time Bid of CFETS Benchmark Bond- Treasury Bond(1Y) 2.9000% 1.01 BP ↑ Treasury Bond(2Y) 3.0100% 4.00 BP ↓ Treasury Bond(3Y) 3.

SERVICES

- News Releases
- For Overseas Participants**
- Market Data Services
- Information Disclosure
- Trading Calendar
- Publication

Market Entry Guide Market Status Policy & Guidance

FX Market **RMB Market**

How to apply | Documents Presented


How to apply >

I. For Foreign Central Banks, International Financial Organizations, Sovereign Wealth Fund

1.The overseas institutions that entrust People's Bank of China (hereinafter referred to as PBC) to conduct transactions and settlements, shall apply for trading system net connection according to PBC's relevant requirements;

Market common documents and forms

Foreign Central Banks

- Operational Guide on Networking and Account Opening Process and Business Application Form for Overseas Institutional Investors 

Other Foreign Institutions

3.1 Additional efforts to accommodate global investors

Local facility for currency conversion

Easier fund remittance procedure

**Allow foreign institutional investors to
access domestic FX market to hedge**

1

Extended FX trading hour

- allow day time trading by European and US investors

Launching longer settlement cycle

- Consideration of overseas investor liquidity management

Exploring global collaboration opportunities

- Cooperate with major electronic trading platform for Seamless access

3.3 Additional efforts to accommodate global investors

Promote CIBM for major global bond index acceptance

Bond Index Provider	Major bond index	Estimated track-funds	Estimated proportion of china bond market if included
JPMorgan	GBI-EM Broad/Diversified	about \$200 bn	10%
Citi Bank	Citi WGBI	about \$2-4 tn	5%
Bloomberg	Global AGG	about \$2.5 tn	5%

- ◆ The emerging market or Asian market sub-indices, including JPMorgan GBI-EM Broad/Diversified index, have included China bond market.
- ◆ On March 2017, Bloomberg and Citi have both announced to launch new indices including China bonds.

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