



Z-BEN | *ADVISORS*

China Dashboard
Monthly Update

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Dashboard: Quick hits

April highlights

An overview of the major China news during the month

Cross-border: Access details clarified

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PBoC, SAFE and CSRC held a joint training session explaining the QFII and IBB access reforms on April 9. RQFII will be the next target for reform, following QFII in structure as the two programs move toward harmonization, although IBB may now be leading the three as the most open. PBoC also indicated at the time that more detailed rules on IBB access would be released in coming weeks.

Capital Markets: Bond defaults impede new issuances

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Over 100 institutions which were set to issue bonds in April either delayed or cancelled their plans following a series of defaults which could significantly increase the cost of financing. While some of these institutions have indicated that this should pass within a half year, Z-Ben Advisors believes that it is more likely risk pricing is becoming a more integral part of bond issuances.

Mutual Funds: Employee motivation is key

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The competition for experienced senior management is set to become even more intense following the establishment of the first FMC with all shareholders being individual persons. The two largest shareholders with over 70% combined, are former mutual fund general managers. Another FMC, Qianhai Kaiyuan, has also been successfully poaching staff through the introduction of a new incentive scheme.

Banks: New loans decrease

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RMB556bn in loans were issued during April, RMB817bn less than were issued in March, following a record number of new loans issued during Q1 -RMB4.6tr- the highest since 1Q16. According to PBoC, restructuring of local government debt was one of the main causes for the drop.

Brokerages: Commission fees under review

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Domestic media reported in mid-April that CSRC is considering allowing brokerages to set variable fees. This would increase competition and possibly spur an expansion into new business lines as trading commissions have long been the core source of revenue for brokerages.

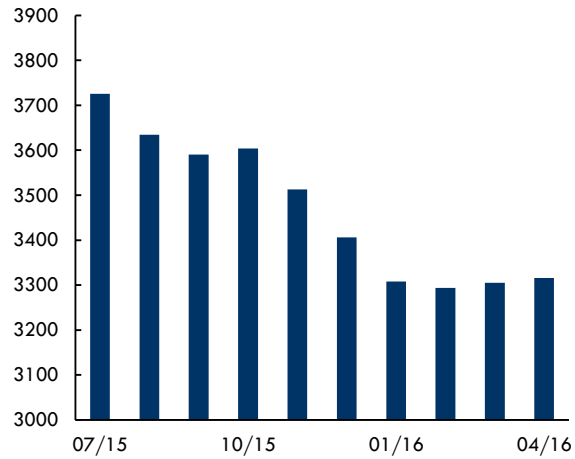
PFMs: Regulators increase supervision of PFMs

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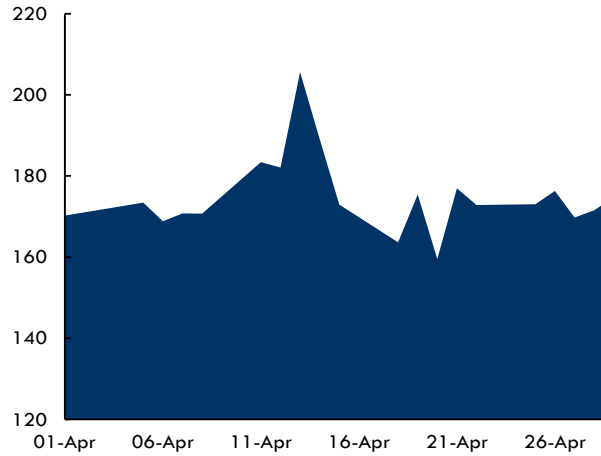
The Shanghai government has reportedly halted the registration of financial companies in an attempt to limit the pool of PFMs. 1901 PFMs were deregistered by AMAC by May 1. Meanwhile CSRC and AMAC have been steadily increasing supervision and regulation of PFMs with several first time punishments and more detailed guidelines on issues such as investor requirements and fundraising procedures.

April in a nutshell

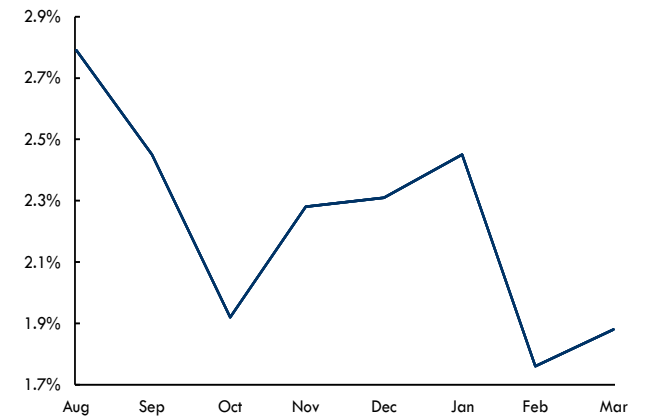
Foreign exchange reserves (USD bn)



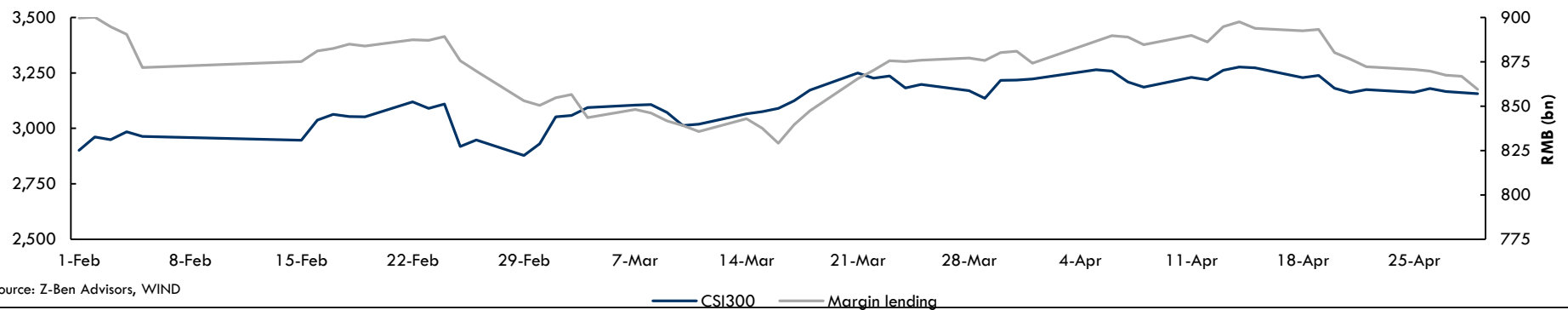
Northbound Connect daily aggregate usage (RMB bn)



Global market share of RMB payments



CSI 300 and A-share margin balance, Feb-Apr



Source: Z-Ben Advisors, WIND

— CSI300 — Margin lending