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Guidelines for Inter-bank Foreign Exchange Market Makers (for Trial Implementation)

银行间外汇市场做市商指引(暂行)

Issued By State Administration of Foreign Exchange
Subject Others Provisions
Promulgated on December 24th 2005
Effective from December 24th 2005
Source www.safe.gov.cn

In order to further develop the foreign exchange market, promote the liquidity of the foreign exchange market, better exert the fundamental functions of market in the allocation of resources, and further improve the formation mechanism of Renminbi exchange rate, the State Administration of Foreign Exchange decides to introduce the market maker system into the inter-bank foreign exchange market, and has formulated the “Guidelines for Inter-bank Foreign Exchange Market Makers (for Trial Implementation)” (hereinafter referred to as the “the Guidelines”) on 24th December 2005.

According to the Provisions, Inter-bank foreign exchange market makers refer to the inter-bank foreign exchange market members ratified by the State Administration of Foreign Exchange to assume the obligations of continuously providing market members with buying and selling prices when trading in exchange of Renminbi and foreign currency on China’s inter-bank foreign exchange market. An inter-bank foreign exchange market maker may enjoy the following rights:

1. The right to moderately enlarge the range of composite positions in settlement or sale of foreign exchange, and to practice flexible position management;
2. The right to apply to the People’s Bank of China for the status as a Class 1 foreign exchange trader; and
3. The priority to participate in the experiment of new business on the foreign exchange market.

On the other hand, an inter-bank foreign exchange market maker shall perform the following obligations:

1. To continuously provide, on the inter-bank spot auction and inquiry foreign exchange market, the bi-directional buying and selling prices of Renminbi to the main currencies (including USD) within the prescribed time for transaction;
2. Not to quote prices beyond the floating margin prescribed by the People’s Bank of China for inter-bank market foreign exchange prices on the inter-bank spot auction and inquiry foreign exchange market;

3. To trade in foreign exchange honestly on the foreign exchange market, and not to manipulate market prices by illegal or other foul means;
4. To strictly abide by the relevant administrative provisions on foreign exchange market transactions and on composite positions in the settlement or sale of foreign exchange, and to timely submit the daily statements on composite positions in settlement or sale of foreign exchange; and
5. To submit to the State Administration of Foreign Exchange on the monthly basis a report on the information about its transactions.

The designated foreign exchange banks that meet the conditions as listed in the Guidelines may bring the prescribed application materials to apply to the State Administration of Foreign Exchange for the status of an inter-bank foreign exchange market maker, and shall, after being ratified by the State Administration of Foreign Exchange, perform the market-making obligations in accordance with the Guidelines. The State Administration of Foreign Exchange will evaluate the market makers at regular intervals and check them at irregular intervals, and will make adjustments where necessary.

Provisions on the Information Disclosure of Electric Power

电力企业信息披露规定

Issued By	State Electricity Regulatory Commission
Subject	Others Provisions
Promulgated on	December 8th 2005
Effective from	January 1st 2006
Source	www.serc.gov.cn

For the purpose of strengthening electric power supervision, regulating the supervision of disclosure of information by the power enterprises and power dispatch and trading institutions, and maintaining the order of the electric power market, Provisions on the Information Disclosure of Electric Power (hereinafter referred to as “the Provisions”) was issued by the State Electricity Regulatory Commission in accordance with the Regulation on the Electric Power Supervision on 8th December 2005. The main contents of the Provisions are as follows:

The electric power enterprises and electric power dispatch and trading institutions shall disclose the information about the electric power construction, production, business operations, pricing, services, etc. When disposing information, the principle of genuineness, timeliness and transparency shall be followed. The State Electricity Regulatory Commission and its dispatched institutions (hereinafter referred to as the

electricity regulatory institutions) shall carry out supervision and administration over the faithful disclosure of the relevant information by the electric power enterprises and electric power dispatch and trading institutions.

The power generation enterprises shall disclose the information to the power dispatch and trading institution, the power distribution enterprises shall disclose the information to the power generation enterprises, the power supply enterprises shall disclose the information to the power users, and the electric power dispatch and trading institutions shall disclose the information to the power generation enterprises. The Provisions list also the specific contents of disclosure by the electric power enterprises and electric power dispatch and trading institutions.

According to the Provisions, a power enterprise or power dispatch and trading institution may disclose the information by:

1. The portal and subsidiary websites of the power enterprise;
2. Newspapers and periodicals, radio, television and other media;
3. Information release conferences;
4. Bulletins and announcements; and
5. Other methods that facilitate the disclosure of information in a timely manner.

The Regional Electricity Regulatory Bureau shall formulate implementation measures which shall be implemented upon approval of the State Electricity Regulatory Commission. The Provisions shall come into force as of January 1st 2006.

Reply of the State Administration of Taxation on the Examination and Approval Authority for Tax Exemption and Refund for the Production-type Group Companies' Purchase of Their Subsidiaries' Products for Export

关于生产型集团公司收购成员企业产品出口有关免抵退税审批权限的批复

Issued By State Administration of Taxation
Subject Tax Refund
Promulgated on November 12th 2005
Effective from November 12th 2005
Source www.chinatax.gov.cn

The State Administration of Taxation replied to The Bureau of State Taxation of Henan Province on 12th November 2005 as to the issue of the examination and approval authority

for tax exemption and refund for the production-type group companies' purchase of their subsidiaries' products for export.

According to the reply, taking into consideration the actual situation including the peculiarities in the export management method of purchasing the subsidiaries' products by their respective production group companies and the singularity of the outsource goods, and basing on the principle of enhancing the efficiency, the purchasing of the subsidiaries' products for export by their respective production-type group companies, whether the proportion of the export volume of outsource products to that of self-manufactured products has exceeded 50%, shall be subject to the examination and approval of the bureaus of state taxation at the prefecture and municipal level and not be reported to the provincial bureaus of state taxation for examination and approval. At the same time, the provincial bureaus of state taxation shall strengthen supervision and inspection of similar businesses.

Wenger & Vieli, Beijing, February 11th 2006

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