

Banknotes
Two weeks ended 30 December 2011



KPMG China's weekly banking news summary

This publication is a summary of publicly reported information, the accuracy of which has not been verified by KPMG.

In the news

Bank of China

CITIC Bank

Credit Suisse

HSBC

Royal Bank of Scotland

People's Bank of China

Chinese banks may be allowed to acquire stakes in Taiwanese financial institutions

– The Financial Supervisory Commission of China (FSC) has indicated that it would allow Chinese banks to acquire stakes in Taiwan's financial holding companies or banks beginning 2 January 2012. Along with the holdings of the mainland Qualified Domestic Institutional Investors, the maximum combined stake has been set at 10 percent.

Further, Chinese banks must seek FSC's approval when sending its representative to sit on the board of a Taiwanese financial holding company or bank.

HSBC to sell Japan private banking operations

– **HSBC** has entered into an agreement with Credit Suisse to sell its Japan-based private banking business. The deal is expected to be completed in the second quarter of 2012.

BOC gets "Information Disclosure Award 2011"

– **Bank of China** was granted the "Information Disclosure Award 2011" at the 10th China Corporate Governance Forum. This is the highest honour granted by the Shanghai Stock Exchange and it aims to recognise listed companies which have sound information disclosure policy system, well-managed routine works, and innovative best practices in information disclosure management.

RBS withdraws from China's retail banking sector

– The Shanghai headquarters of the **Royal Bank of Scotland** has announced that the bank is going to withdraw from China's retail banking market.

CITIC group seeks restructuring – CITIC Bank's major holder CITIC group seeks to restructure its corporate structure by establishing a wholly-owned subsidiary, CITIC Limited, and the subsequent transfer of most of its assets into CITIC Limited. The PRC State Council and Ministry of Finance have approved the transfer, however it is subject to the approval of the China Banking Regulatory Commission and the China Securities Regulatory Commission (CSRC).

In brief

PBOC to regulate credit-rating firms – The PRC State Council has approved the **People's Bank of China (PBOC)** to regulate the country's credit rating firms, making it the sole regulator of the industry.

China launches yuan QFI trial programme – PBOC, CSRC and the State Administration of Foreign Exchange have jointly released the guidelines on The Yuan Qualified Foreign Institutional Investor trial scheme. This trial scheme allows the use of foreign raised yuan to directly invest in fixed-income products and equities in China. It is aimed to promote internationalisation of the Chinese currency.

The pilot project with an initial quota of RMB 20 billion will begin with Hong Kong-based subsidiaries of Chinese asset management companies and securities firms.

China bans establishment of new gold exchanges – PBOC has announced that it is banning local regions, institutions or individuals from setting up gold exchanges apart from the existing Shanghai Gold Exchange and Shanghai Futures Exchange. It has also banned the establishment of any gold trading platform in other exchanges.

Sources: China Business Newswire, China Economic Review Publishing, Dow Jones Business News, Dow Jones International News, ET Net News, Global Banking News, Mondaq Business Briefing, SinoCast Investment & Securities Beat, and various banks' and regulators' websites.

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