

(The English version is used for reference only. Should there be any conflicts between the English version and the Chinese version, the Chinese version shall prevail.)

## **Guidelines on Bond Issuance by Foreign Governmental Agency and International Development Institution Issuers (for Trial Implementation)**

(Adopted on October 16, 2020 at the eighteenth conference of the Fifth Governing Council of NAFMII)

### **Chapter I. General Provisions**

**Article 1** This Guideline is promulgated with a view to promoting the open-up of the bond market and regulating bond issuances by foreign governmental agencies and international development institutions and in accordance with the Interim Measures for the Administration of Bonds Issued by Overseas Issuers on the National Interbank Bond Market (People’s Bank of China & Ministry of Finance Announcement [2018] No.16) (《全国银行间债券市场境外机构债券发行管理暂行办法》(中国人民银行、财政部公告〔2018〕第16号)) (the “**Interim Measures**”) promulgated by the People’s Bank of China (“**PBOC**”) and the Ministry of Finance and relevant self-regulatory rules of the National Association of Financial Market Institutional Investors (“**NAFMII**”).

**Article 2** In this Guideline, “foreign governmental agencies” shall include:

- (a) the central governments of sovereign countries (including their central banks, monetary authorities and treasury or finance departments);
- (b) local governments of sovereign countries (including the treasury or finance departments of such local governments); or
- (c) agencies performing government functions in accordance with the laws or pursuant to the authorization by the government of the country or region where the issuer is located (including public enterprises or financial institutions owned or controlled by foreign central or local governments, seeking finance on behalf of such governments, whose repayment obligations under such finance are ultimately assumed by such governments); or
- (d) other foreign governmental agencies as recognized by the competent regulatory authorities.

**Article 3** In this Guideline, “international development institutions” shall include multilateral, bilateral and regional international development financial institutions that make development loans and investments.

**Article 4** In this Guideline, “bonds issued by foreign governmental agencies or international development institutions” shall mean debt securities registered with NAFMII and issued by foreign governmental agencies or international development institutions, the principal and interest of which are to be paid in accordance with the agreed terms.

**Article 5** Foreign governmental agencies and international development institutions issuing bonds shall be registered with NAFMII and subject to the self-regulatory supervision by NAFMII.

**Article 6** The acceptance of registration by NAFMII does not represent that NAFMII has conducted any substantive assessment on the value of, and risks relating to, investment in the bonds issued by foreign governmental agencies or international development institutions. The registration does not exempt such foreign governmental agency or international development institution or relevant intermediary institutions from the obligations to make true, accurate, complete and timely information disclosure. Investors shall make their assessment on investment values and assume investment risks.

## **Chapter II Registration and Issuance**

**Article 7** A foreign governmental agency or international development institution shall submit, through a principal underwriter with experience in acting as a principal underwriter on offerings of Debt Financing Instruments on the interbank bond market, an application letter to NAFMII for issuing bonds. Such principal underwriter shall provide a recommendation opinion to NAFMII.

**Article 8** NAFMII shall accept an application that meets the acceptance conditions and shall conduct preliminary review or verification on the completeness of the information disclosed in the registration documents (“**Registration Documents**”) for the proposed issuance of bonds by a foreign governmental agency or international development institution.

**Article 9** NAFMII shall, after completing the preliminary review, submit the Registration Documents to the Registration Meeting for review. Where the Registration Meeting recommends the acceptance of registration, NAFMII shall issue a Notice of Registration Acceptance to the foreign governmental agency or international development institution applicant. The registration shall be valid for two years.

Notwithstanding the foregoing paragraph, where a foreign governmental agency or international development institution issues bonds through a private placement to qualified institutional investors based on written subscription arrangements, NAFMII may proceed to accept registration in

accordance with applicable procedures after completing the verification process. During the period starting on the first date of the issuer's most recent complete fiscal or financial year and ending on the date of acceptance of registration, upon the occurrence of any material events as specified under Article 25 of this Guideline, NAFMII shall submit the revised Registration Documents to the Registration Meeting for its review and determination on whether to accept the registration of such bonds.

**Article 10** Foreign governmental agencies and international development institutions that are seasoned issuers on overseas markets or that have issued bonds within the People's Republic of China (the "PRC", which, for the purpose of this Guidelines, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) and complied with the ongoing disclosure obligations for more than one year may apply to issue bonds from time to time in multiple series within a total registration amount. Other foreign governmental agencies and international development institutions shall issue bonds on a stand-alone basis.

**Article 11** Foreign governmental agencies and international development institutions issuing bonds in multiple series may decide whether and when to issue bonds during the twelve-month period after the acceptance of registration, and, upon the expiry of such twelve-month period, shall make a filing with NAFMII prior to the offering of the bonds. Such issuers issuing bonds through private placements may decide whether and when to issue bonds within the validity period of registration, and, if no offering is conducted during the twelve-month period from the date of acceptance of registration, such issuers shall make a filing with NAFMII prior to the initial offering of the bonds.

**Article 12** Foreign governmental agencies and international development institutions shall submit to NAFMII, prior to each offering of bonds, the required documents, including but not limited to the offering circular (or private placement offering memorandum or private placement agreement) in connection with the offering.

Following the acceptance of registration and until the creditor-debtor relationship with respect to the bond is created, where any material event involving a foreign governmental agency or international development institution as specified in Article 25 of this Guideline occurs, NAFMII shall submit the Registration Documents to the Registration Meeting for its further review and determination on whether the existing registration continues to be valid.

**Article 13** Bookbuilding for bonds issued by foreign governmental agencies and

international development institutions shall be conducted through the Centralized Bookbuilding System for Debt Financing Instruments.

### **Chapter III Requirements on Registration Documents**

**Article 14** The Registration Documents required to be submitted by a foreign governmental agency or international development institution for registration of bond offering(s) shall include:

- (a) a registration report;
- (b) a letter of recommendation (from each principal underwriter and joint lead underwriter);
- (c) the authorization document(s) approving the proposed issuance (including, but not limited to, the relevant legislation, approval, consent of the proposed issuance from the issuer's legislative or executive authorities or the documents with the equivalent effects, or an official confirmation of the proposed issuance by its treasury, finance or economic authorities or the documents with the equivalent effects, or the issuer's constitutional documents and the resolutions of its competent decision-making body);
- (d) an offering circular;
- (e) the financial statements (audited) or economic data report for the most recent three fiscal years (or for a shorter period of time since the establishment of the issuer), and the latest interim financial statements or economic data report (if any);
- (f) a credit rating report and follow-up rating arrangements (if available);
- (g) legal opinions issued by a law firm in the issuer's home country or region (or the justice department or an authorized and qualified internal legal counsel or department of the issuer) and by a PRC law firm;
- (h) a consent letter from the issuer's auditors (if applicable); and
- (i) other documents as required by NAFMII.

**Article 15** The Registration Documents required to be submitted by a foreign governmental agency or international development institution for registration of bond offering(s) through a private placement shall include:

- (a) a registration report;

- (b) a letter of recommendation (from each principal underwriter and joint lead underwriter);
- (c) the authorization document(s) approving the proposed issuance (including, but not limited to, the relevant legislation, approval, consent of the proposed issuance from the issuer's legislative or executive authorities or the documents with the equivalent effects, or an official confirmation of the proposed issuance by its treasury, finance or economic authorities or the documents with the equivalent effects, or the issuer's constitutional documents and the resolutions of its competent decision-making body);
- (d) a private placement agreement or a private placement offering memorandum;
- (e) the financial statements (audited) or economic data report for the recent two fiscal years (or for a shorter period of time since the establishment of the issuer), and the latest interim financial statements or economic data report (if any);
- (f) a credit rating report and follow-up rating arrangements (if available);
- (g) legal opinions issued by a law firm in the issuer's home country or region (or the justice department or an authorized and qualified internal legal counsel or department of the issuer) and by a PRC law firm;
- (h) a consent letter from the issuer's auditors (if applicable); and
- (i) other documents as required by NAFMII.

**Article 16** Documents required to be filed for a proposed issuance of bonds by a foreign governmental agency or international development institution during the validity period of registration shall include:

- (a) a registration report (for filing);
- (b) an updated offering circular (or private placement offering memorandum or private placement agreement) or a supplemental offering circular;
- (c) the financial statements (audited) or economic data report for the latest fiscal year, and the latest interim financial statements (if any);
- (d) a credit rating report and follow-up rating arrangements (if available);

- (e) legal opinions issued by a law firm in the issuer's home country or region (or the justice department or an authorized and qualified internal legal counsel or department of the issuer) and by a PRC law firm; and
- (f) other documents as required by NAFMII.

If any other Registration Documents are amended, the amended documents shall be submitted at the same time.

#### **Chapter IV Information Disclosure Requirements**

**Article 17** Foreign governmental agencies and international development institutions shall ensure that its information disclosure is truthful, accurate, complete and on a timely basis, without any false or misleading statements or material omissions.

**Article 18** Information disclosure documents of foreign governmental agencies and international development institutions shall be submitted through the NAFMII Comprehensive Business and Information Service Platform (the "**Comprehensive Platform**"). The Comprehensive Platform shall, after conducting form review of the information disclosure documents, forward the information disclosure documents that are in compliance with the relevant form requirements, to the information disclosure service platforms, including the National Interbank Funding Center, the registration and custody institution and the Beijing Financial Assets Exchange, for publishing on their respective websites.

The documents in connection with private placements of bonds by foreign governmental agencies and international development institutions shall be disclosed through the Comprehensive Platform to the targeted investors.

**Article 19** Foreign governmental agencies and international development institutions offering bonds shall disclose the offering documents for the proposed offering, which shall include, among others:

- (a) an offering circular;
- (b) the financial statements (audited) or economic data report for the most recent three fiscal years (or for a shorter period of time since the establishment of the issuer), and the latest interim financial statements or economic data report (if any);
- (c) a credit rating report and follow-up rating arrangements (if available);

- (d) legal opinions issued by a law firm in the issuer's home country or region (or the justice department or an authorized and qualified internal legal counsel or department of the issuer) and by a PRC law firm;
- (e) a consent letter from the issuer's auditors (if applicable); and
- (f) other documents as required by NAFMII.

The above information disclosure documents shall be in Chinese (all the references hereinafter to a Chinese version shall mean a simplified Chinese version) or accompanied with a Chinese version. Where the offering circular is in Chinese and other language versions, the Chinese version shall prevail.

**Article 20** A foreign governmental agency or international development institution offering bonds through a private placement shall disclose the offering documents through the Comprehensive Platform to the targeted investors. The offering documents shall include, among others:

- (a) a private placement offering memorandum or a private placement agreement;
- (b) the financial statements (audited) or economic data report for the recent two fiscal years (or for a shorter period of time since the establishment of the issuer), and the latest interim financial statements or economic data report (if any);
- (c) a credit rating report and follow-up rating arrangements (if available);
- (d) legal opinions issued by a law firm in the issuer's home country or region (or the justice department or an authorized and qualified internal legal counsel or department of the issuer) and by a PRC law firm;
- (e) a consent letter from the issuer's auditors (if applicable); and
- (f) other documents as required by NAFMII.

The key documents in connection with a private placement shall be in Chinese or accompanied with a Chinese version. Other documents may be disclosed in either Chinese or English as agreed between the issuer and the investors. Absent such agreement with the investors in a private placement, the documents shall be disclosed in Chinese.

**Article 21** International development institutions and foreign governmental agencies

(if such foreign governmental agencies regularly prepare financial statements) shall, upon their offering of bonds, disclose their financial statements (including audited annual financial statements); if the foreign governmental agencies do not regularly prepare financial statements, such foreign governmental agencies shall disclose economic data reports, together with a description as to the approval or audit of the economic data by their legislative authorities or government audit departments.

**Article 22** Foreign governmental agencies and international development institutions shall disclose the offering results through the Comprehensive Platform after each offering is completed.

**Article 23** During the life of the bonds issued by a foreign governmental agency or international development institution, such foreign governmental agency or international development institution shall disclose annual audited financial statements or economic data reports within the agreed period of time set forth in the offering documents. Foreign governmental agencies and international development institutions that disclose semi-annual or quarterly financial statements on other securities markets or channels shall also disclose such financial statements through the Comprehensive Platform.

Economic data reports disclosed during the life of the bonds shall be in Chinese. In general, annual, semi-annual or quarterly financial statements shall be disclosed in Chinese; however, if a foreign governmental agency or international development institution discloses such financial statements in English on other securities markets, it shall, simultaneously or as soon as reasonably practicable thereafter, disclose such financial statements in English through the Comprehensive Platform and disclose the Chinese version of the key information of such financial statements in accordance with the timeline set forth in its registration and offering documents. A foreign governmental agency or international development institution offering bonds through a private placement may disclose financial statements or economic data reports in Chinese or English during the life of the bonds as agreed between the issuer and the investors. Absent such agreement with the investors in a private placement, such documents shall be disclosed in Chinese.

**Article 24** During the life of the bonds issued by a foreign governmental agency or international development institution, upon the occurrence of any material event, such event shall be disclosed through the Comprehensive Platform, or to the investors in a private placement, on a timely basis in accordance with the agreed timeline set forth in the offering documents.



Disclosure of material events shall be made on a timely basis in Chinese, or in English with a Chinese version or a Chinese summary to be published within seven business days upon the publication of the English disclosure. Foreign governmental agencies and international development institutions offering bonds through private placements may disclose material events in Chinese or English as agreed between the issuer and the investors. Absent such agreement with the investors in a private placement, such disclosure shall be made in Chinese.

**Article 25** “Material events” means the events the occurrence of which may have material adverse effect on the ability of a foreign governmental agency or international development institution to perform its obligations under the registered bonds during the life of the bonds.

“Material events” of foreign governmental agencies shall include, but not limited to:

- (a) any changes in laws, regulations, treaties, conventions, approvals or authorizations of the issuer (or its home country or region) that may have a material impact on the registered bonds;
- (b) any event of default under, or acceleration or debt restructuring of, any external indebtedness of the issuer (or its home country or region);
- (c) any change in the rights of bondholders, including, but not limited to, any change in the terms and conditions of the issuer’s other debt obligations that indirectly alters the rights of the bondholders under the registered bonds; and
- (d) any other events that may have a material adverse effect on the issuer’s ability to perform its obligations (including, but not limited to, the obligation to make full payment of the principal and interest on the bonds when due) under the registered bonds.

“Material events” of international development institutions shall include:

- (a) any change in the treaties, conventions, laws, regulations, approvals or authorizations relating to the issuer, or in the constitutional documents of the issuer, which may have a material impact on the registered bonds;
- (b) any event of default under, or acceleration or debt restructuring of, any external indebtedness of the issuer (or the home country or region of a bilateral development institution);
- (c) the failure of the issuer to receive any of its callable capital as

scheduled;

- (d) any change in the rights of bondholders, including, but not limited to, any change in the terms and conditions of the issuer's other debt obligations that indirectly alters the rights of the bondholders under the registered bonds; and
- (e) any other events that may have a material adverse effect on the issuer's ability to perform its obligations (including, but not limited to, the obligation to make full payment of the principal and interest on the bonds when due) under the registered bonds.

**Article 26** Foreign governmental agencies and international development institutions shall disclose, through the Comprehensive Platform, in Chinese or English, simultaneously or as soon as reasonably practicable thereafter, other material information disclosed on other securities markets relevant to the registered bonds.

**Article 27** Foreign governmental agencies and international development institutions shall ensure the consistency between the Chinese version and other language versions (if any) of all the disclosure documents.

**Article 28** NAFMII shall supervise the information disclosure by foreign governmental agencies and international development institutions in accordance with the applicable requirements under the National Interbank Bond Market regulations and this Guideline. NAFMII shall report any such issuer's failure to comply with the information disclosure requirements to PBOC.

## **Chapter V Regulation of Intermediary Institutions**

**Article 29** Principal underwriters, underwriters, trustee institutions, credit rating agencies, accounting firms, law firms and other relevant professional institutions and their respective personnel that provide professional services to foreign governmental agencies and international development institutions in connection with their bond issuances shall act diligently and with due care, strictly comply with their respective codes of conduct and professional ethics rules, perform their duties in accordance with applicable regulations and agreements, take responsibility for the professional reports and/or professional opinions issued by them, and assume their respective legal liability.

**Article 30** Foreign governmental agencies and international development institutions may form a principal underwriter syndicate in the registration stage, and designate one lead underwriter for each offering in the offering stage. The lead underwriter shall have experience in acting as a principal underwriter

for Debt Financing Instruments issued on the Interbank Bond Market. Other principal underwriters and underwriters shall have experience in underwriting bonds in the PRC domestic markets and meet the applicable regulations of PBOC and NAFMII. At least one of the principal underwriter(s) for each offering shall have a subsidiary or branch in the country or region where the head office of the foreign governmental agency or international development institution is located, or make other necessary arrangements, to ensure that such principal underwriter(s) have capability to conduct due diligence.

Foreign governmental agencies and international development institutions issuing bonds in multiple series up to the registered amount may change the members of the principal underwriter syndicate during the validity period of registration.

**Article 31** Foreign governmental agencies and international development institutions shall engage an independent entity within the PRC to safeguard the interest of bondholders during the life of the bonds. Such independent entity shall act diligently, independently and fairly, and oversee the foreign governmental agency or international development institution to implement the investor protection mechanisms, including, among others, disclosing material events and convening bondholders' meetings.

**Article 32** Where a foreign governmental agency or international development institution publicly disclose its credit rating reports, such credit rating reports shall be issued by a credit rating agency permitted to conduct rating business on the National Interbank Bond Market.

## **Chapter VI Miscellaneous**

**Article 33** The proceeds from the offering of bonds by foreign governmental agencies and international development institutions shall be used in compliance with applicable laws and regulations. The account opening, fund remittances and transfers, cross-border settlements and information reporting in connection with the proceeds shall be in compliance with relevant rules of PBOC and the State Administration of Foreign Exchange.

**Article 34** Foreign governmental agencies and international development institutions shall ensure that the rights of the holders of the registered bonds are equivalent to those of the holders of other debt securities of the issuer with the same ranking.

**Article 35** Foreign governmental agencies and international development institutions shall specify the investor protection mechanism and dispute resolution mechanism in their registration and issuance documents. Foreign

governmental agencies and international development institutions and relevant intermediary institutions shall actively conduct post-issuance management of the bonds issued and manage any defaults thereunder to protect the legitimate interest of the investors in accordance with the requirements of the investor protection mechanism.

**Article 36** The offering and transaction documents for the issuance of bonds by foreign governmental agencies and international development institutions shall, in principle, be governed by the laws of the PRC.

**Article 37** Foreign governmental agencies and international development institutions providing credit enhancements to issuers of bonds and other institutions providing credit enhancements to a foreign governmental agency or international development institution shall comply with, *mutatis mutandis*, this Guideline.

**Article 38** Foreign governmental agencies and international development institutions and relevant intermediary institutions conducting bond business shall comply with this Guideline. Matters not expressly provided for under this Guideline shall be governed by, *mutatis mutandis*, the self-regulatory rules of NAFMII promulgated under the Administrative Measures for Debt Financing Instruments Issued by Non-Financial Enterprises on the Interbank Bond Market (《银行间债券市场非金融企业债务融资工具管理办法》) or the Interim Measures.

**Article 39** The Secretariat of NAFMII shall have the authority and be responsible for the interpretation of this Guideline.

**Article 40** This Guideline shall come into effect as of the date of publication.