

Notice on Joint Promulgation of the Circular on Counting Convertible Corporate Bonds Listed on the Shanghai Stock Exchange in the Repo Pledge Base

All settlement agency participants:

With a view to promoting the healthy development of convertible corporate bonds and a collateralized repo market, the Shanghai Stock Exchange and the China Securities Depository and Clearing Corporation decide that convertible bonds that meet the relevant conditions can be used as pledged bonds for repo transactions as of May 21, 2012. A circular is hereby attached for settlement agency participants to make preparations and implement it.

Appendix: Circular on Counting Convertible Corporate Bonds Listed on the Shanghai Stock Exchange in the Repo Pledge Base

May 14, 2012

Appendix:

Circular on Counting Convertible Corporate Bonds Listed on the Shanghai Stock Exchange in the Repo Pledge Base

(Shang Zheng Zhai Zi [2012] No. 159)

All member units and settlement agency participants:

With a view to promoting the healthy development of a convertible corporate bonds (hereinafter referred to as “convertible bonds”) market and providing better service for bond market participants, the Shanghai Stock Exchange (hereinafter referred to as the “SSE”) and the China Securities Depository and Clearing Corporation (hereinafter referred to as “CSDCC”) decide that convertible bonds that meet the relevant conditions can be counted in the repo pledge base as of May 21, 2012. The concerned matters are hereby reported as follows:

1. The qualification standards for convertible bonds that can be counted in the repo pledge base are determined according to the relevant provisions for corporate bonds. At present, a list of convertible bonds that can be counted in the pledge base, as applied for by their respective issuers and approved by the SSE and the CSDCC, and the corresponding reporting codes for pledged bonds are as follows:

Serial No.	Securities Abbreviation	Reporting Code for Pledged Bond
1	Xinyu Iron & Steel Convertible Bonds	105800
2	Ningbo Marine Convertible Bonds	105801
3	SDIC Power Convertible Bonds	105802
4	China Shipping Development Convertible Bonds	105803
5	GD Power Development Convertible Bonds	105804
6	ICBC Convertible Bonds	105805
7	BOC Convertible Bonds	105806
8	Sinopec Convertible Bonds	105807
9	Sichuan Chuantou Energy Convertible Bonds	105808

Issues with regard to counting any new convertible bonds on the market in the repo pledge base shall be specified separately in the listing notice.

2. The discount rates for standard bonds for convertible bonds shall be calculated, posted, and managed in accordance with the *Administrative Measures for Discount Rates for Standard Bonds*. The calculation formulas are as follows:

Formula 1: Standard bond discount rate for convertible bonds = Average price in the previous period X (1 – Volatility) X [48%, 71%] ÷ (1 + Average repo interest rate on maturity ÷ 2) ÷ 100

Formula 2: Standard bond discount rate for convertible bonds = Reference price X [50%, 70%] ÷ 100

The aforesaid calculation formulas shall be updated accordingly in the event any modification is made to the *Administrative Measures for Discount Rates for Standard Bonds*.

3. When convertible bonds are reported as pledged bonds, member units shall make sure that no reporting on debt-equity swap or resale is made for such bonds.

4. As of May 21, the debt-equity swap data shall be based on the data posted by the CSDCC Shanghai Branch. The SSE shall not disclose such data to the market in the GH file released by the SSE after the close of the market. For interface changes, refer to the *IS101 Specifications on the Interfaces of the Bidding and Execution Platform for Market Participants V1.1.3*, which is available on the SSE website.

5. Convertible bonds shall not be counted in the repo pledge base ten working days before the date of maturity (T - 10).

Shanghai Stock Exchange
Corporation Limited

China Securities Depository and Clearing

May 10, 2012