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Russia's VTB Gains Access to China's Interbank Bond Market

By The Moscow Times

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Russia's second-largest bank VTB said on Monday it had received a license granting it access to the Chinese interbank bond market.

VTB said it was the first Russian bank to receive such a license and that it had received the document from the People's Bank of China on July 10.

Russian President Vladimir Putin has encouraged top Russian firms to strengthen ties with China as part of attempts to strengthen ties with Asia and shield Moscow from the effects of Western sanctions imposed over the Ukraine conflict.VTB is under European Union and U.S. sanctions which restrict its access to foreign capital markets.

A source close to VTB said the license would not allow VTB to raise financing in China by issuing bonds on its domestic market. Foreign firms are restricted from issuing their own bonds in China but can trade existing issues by Chinese companies.

VTB will operate in China as a commercial bank but without a retail business, the source said.

China's leadership has a stated goal of liberalizing its capital markets, but a recent stock market crash has dented its reform goals.

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