

CHINA CAPITAL MARKETS WEEK

19-23 APRIL 2021, Virtual Event
#ASIFMAChinaWeek

ASIFMA China Capital Markets Week 2021 Daily Summary

Day 1: Asset Management

[ASIFMA China Capital Markets Week](#) kicked off this morning with over 280 participants tuning in for the first day of the conference. Throughout the day we watched our speakers engage in insightful discussions about the various asset management opportunities onshore, China's ESG focus and requirements, and fund distribution in China.

Eugenie Shen, Head of Asset Management Group at ASIFMA, says "I would like to thank all our speakers and sponsors for a great start to ASIFMA's China Week today. I am sure the attendees agree with me that we all gained a lot of insights from the various speakers and panelists about China's rapidly liberalising economy and the opportunities this presents to the asset management industry, in particular foreign asset managers."

We would like to say a huge thank-you to our Event Lead Sponsor **CICC** and Day 1 Lead Sponsor **Han Kun Law Offices** for supporting us on our day dedicated to Asset Management.

Welcome Remarks – Yin Ge, Partner, Han Kun Law Offices



Yin Ge kicked off our first day of ASIFMA China Capital Markets Week. She outlined the key features of China's asset management sector and described how China is increasingly welcoming foreign investors

Opening Keynote – WANG Ying, Deputy Director General, Beijing Municipal Financial Regulatory Bureau



WANG Ying's opening keynote was titled 'Seize the Opportunity and Seek Common Development'. She emphasized the Asset Management development potential available in China and invited asset management institutions and investors to seize the opportunities available in Beijing's asset management sector.

Panel 1: Various Asset Management Opportunities Onshore



Panel 1 addressed the Asset Management opportunities that were available onshore, and discussed the key challenges faced by global firms setting up and operating in China.

Panel 2: China's ESG Focus and Requirements



Panel 2 explored the drivers for ESG development in China and discussed how China's focus on ESG compared with other Asian countries. Our panelists also examined China's existing and proposed requirements for ESG-related matters onshore and how listed companies were currently dealing with them.

Panel 3: Fund Distribution in China



Panel 3 focused on the considerations and challenges of fund distribution in China and discussed the types of products that Chinese investors favour.

Closing Keynote: LI Jun, Deputy Director, Shanghai Municipal Financial Regulatory Bureau



LI Jun described how Shanghai has opened itself up to encourage more international investment as it tries to better position itself as an international financial centre. He stressed the importance of asset managers to help build Shanghai into an international finance hub and encouraged the attendees of the conference to consider doing business in Shanghai.

Closing Remarks: Tiecheng Yang, Partner, Han Kun Law Offices



Tiecheng Yang discussed that since China has the world's second-largest bond market, it is inevitable that many assets need to be managed. He explained that with China's strong GDP growth, their markets will continue to get more sophisticated and will continue opening up more products to international investors.

Day 2: Equities and Post Trade

Over 290 participants joined [today's event](#) to learn more about Equities and Post Trade in China. Today we watched our panelists explore the opportunities and challenges faced when operating through the QFII and Stock Connect Channels.

Lyndon Chao, Managing Director – Head of Equities and Post Trade at ASIFMA, comments “Our speakers and panelists all made insightful contributions when discussing the opportunities for Equities and Post Trade in China. The pace of reform continues to accelerate, presenting great opportunities for international investors in China’s capital markets.”

We would like to say a huge thank-you to our Event Lead Sponsor **CICC** and Day 2 Lead Sponsor **Goldman Sachs** for supporting us on our day dedicated to Equities and Post Trade.

Opening Remarks



Sean Fan, Chairman, Goldman Sachs Gao Hua Securities Co Ltd, kicked off Day 2: Equities and Post Trade with his opening remarks. He argued that after the economic fallout from COVID-19, economic reform remains key to global recovery. He discussed his optimism for China’s rapidly liberalizing capital markets and the Equities and Post Trade opportunities this presents to international investors.

Opening Keynote



Dr HUANG Haizhou, Managing Director, Management Committee Member, Head of Equities Department, CICC, delivered an opening keynote titled “Perspectives on US Macro Policies and Asian Capital Markets”. He discussed the state of the Chinese and US capital markets following the economic fallout of COVID-19. He explained that both markets performed well last year despite the crisis in March, and due to the record amounts of Quantitative Easing from the US government he believed that the US would avoid a Japanese-like growth stagnation.

Panel 1: Strengthening the QFII Channel



Our panelists discussed the recent QFII rule changes and how they opened up China’s capital markets to their clients. The audience was asked a poll question about which aspect of the rule changes they were most excited about and the majority chose ‘Futures and Options Products (Financial futures on CFFEX, bond futures, listed commodity futures, listed warrants)’.

Panel 2: Strengthening the Stock Connect Channel



Panel 2 explored many aspects of the Stock Connect Channel, including Master SPSA, Holiday Trading, Block Trading and Securities lending. Simon Williams claimed he was optimistic about the rate of Chinese reform on these challenges, and that in the near future a similar panel would not have to address the channel’s operational shortcomings.

Presentation: Shanghai-London Stock Connect



Jon Edwards, Chief Representative, Beijing Representative Office, London Stock Exchange Group, enlightened the audience during his presentation on the Shanghai-London Stock Connect. The Shanghai-London Stock Connect launched in June 2019 and although it only has 4 issuers so far, he emphasized the great growth potential for new market entrances and the increased demand for investment in new Chinese sectors (eg green economy and electric vehicle supply chains). We would like to give special thanks to Jon for participating from London at 4am!

Panel 3: Post Trade Opportunities in China



In Panel 3, our speakers discussed solving the DVP for China equities and the operational challenges of a very short T0/T1 Settlement Cycle in China. However, they expressed that by advocating for their clients and working with regulators, they were optimistic for these challenges to be overcome.

Closing Keynote



Wilfred Yiu, Managing Director and Head of Markets, Hong Kong Exchanges and Clearing Ltd, explained that with China leading global economic growth following the Covid-19 crisis, it was “hard to escape the feeling that all roads lead to China”. His keynote emphasized the key role that Hong Kong plays in connecting the mainland with international capital markets. He described how HKEX is always looking to improve operational efficiency and expand the capital flow in and out of China to meet global investor demand.

Day 3: FX and Fixed Income

We are delighted to have had over 260 participants joining today's event on FX and Fixed Income! Our speakers and panelists covered a variety of very engaging topics, including: China's Credit Bond Market, what could be done to improve the liquidity of China's Funding Market, the challenges of Hedging in China for foreign investors and the future world of digital currencies.

Philippe Dirckx, Managing Director – Head of Fixed Income at ASIFMA, comments “It was great to listen to so many distinguished industry experts on the opportunities and challenges of Fixed Income and FX markets in China both from an onshore and cross border perspective. I hope the attendees found our discussions valuable and now have a better insight into the growth potential of China's Bond markets.”

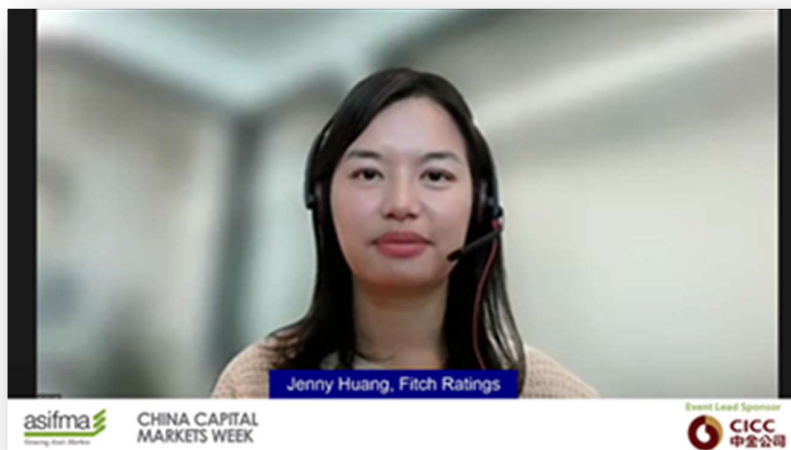
We would also like to thank our event lead sponsor **CICC** for their continued support throughout our China Capital Markets Week event.

Presentation 1: Status of Close Out Netting in China and the Next Steps



Ms. Li Lixia, Section Chief, Law and Regulation Department at China Banking and Insurance Regulatory Commission (CBIRC) began the day with an overview of the status of Close Out Netting in China. It was interesting to hear the regulators' view on current reforms and their impact on the market, enhancing liquidity, transparency and reducing risks.

Presentation 2: Overview of the Corporate Credit Market in China



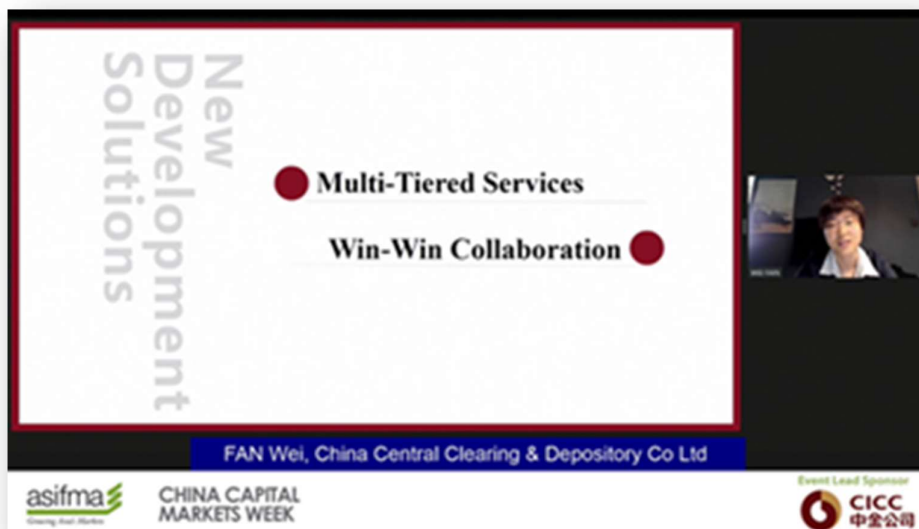
Ms. Jenny Huang, Senior Director, China Corporate Research at Fitch Ratings, gave us an overview of the corporate credit market in China. She provided insightful information on the accelerated polarization of local SOEs' bond-market access in the onshore market, the status of corporate defaults and of post-default and proceedings.

Panel 1: Credit Market: How to Grow Foreign Investors' Appetite and Access the Credit Bond Market in China



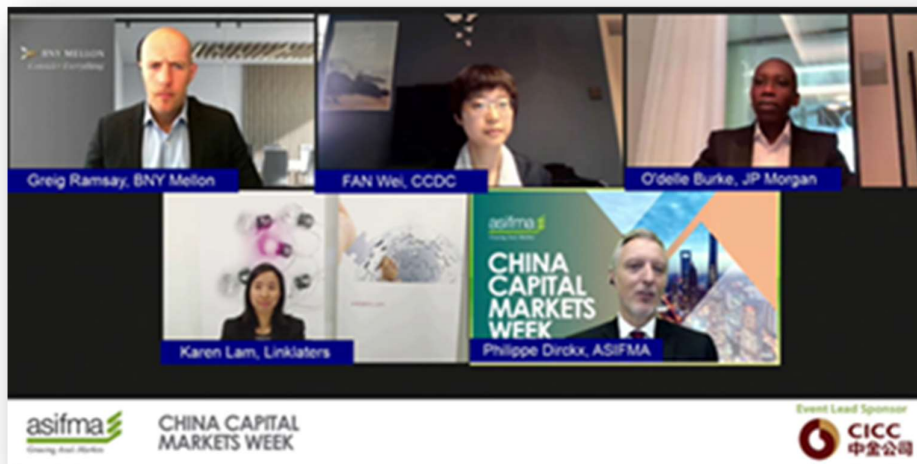
***Panel 1** discussed the key macro trends that are taking place in China's credit bond market highlighting the key differences in market practices. They exchanged views on the suitable market developments, the potential impact of the expect Southbound Bond Connect scheme and how to align on- and offshore credit bond markets. With international investors focused either on high quality or "super" high yield and Chinese investors equally interested in cross-border investment, Market Infrastructures will become key enablers for these two-way flows.*

Presentation 3: Collateral Management Practices under the New Development Concept



***Ms. FAN Wei, Lead Manager of Customer Service Department at China Central Depository and Clearing Co Ltd (CCDC),** shared CCDC's plans for collateral management and restructuring. She highlighted the current development of collateral management in China, the eligibility of bonds for cross border financing, and innovative mechanisms of collateral and risk management.*

Panel 2: Funding: What Needs to Be Further Enhanced to Create a Liquid Funding Market?



Panel 2 focused on the key areas in need of reform to help create a liquid funding market in China. They discussed the overall challenges when financing Chinese assets and the main solutions that are being developed onshore and offshore. They explained that market participants have been in dialogue to resolve operational issues and are optimistic that we will continue to see promising developments in this area.

Presentation 4: China Government Bond Futures: Status and Roadmap



Mr. LI Muchun, Managing Director of Interest Rate Derivatives Department at China Financial Futures Exchange (CFFEX), delivered a presentation providing an overview of the futures market and explored its expected developments. He described how CFFEX was working hard to open China Government Bonds (CGBs) to foreign investors and their plans for opening CGB futures to QFII.

Panel 3: Hedging: Key Instruments and Expected Developments



Panel 3 discussed the expected developments for Hedging in China. They explored various topics including the expected impact of recent index inclusion, the main concerns for liquidity and market practices, and the current governing regulations, could it be related to FX, interest rate or credit risk.

Closing Keynote: The Future World of Digital Currencies



Prof. Michael Sung, Founding Co-Director of the Fintech Research Center at Fudan University, gave the closing keynote on the future of digital currencies. He described how Covid-19 was a catalyst for digital transformation, and that China was world-leading in the development of their own Chinese digital currency 'E-CNY'. He noted that there was huge growth potential in the digital finance sector and explained the various benefits such as bringing financial inclusion and investment opportunities to developing nations and being able to deliver and enforce fiscal stimulus more stringently.

Branded Presentation



Finally, **Mr. WANG Ke, Managing Director, Head of Global Rates, Head of Global FX, Fixed Income Commodities and Currency at CICC**, wrapped up the day with CICC's branded presentation. He began with an overview of the China Bond Market, explaining that despite its rapid growth, China's Bond Market is still far from reaching its full potential in both size and diversity. He then discussed overseas access to the China Bond Market and explained CICC's FICC Division strengths and how it could support international investors.

Day 4: Operating in China

The speakers for Day 4: Operating in China gave our attendees many valuable insights on the realities of operating an international firm onshore and facilitating investment into China. Our leading industry experts had engaging discussions on a variety of topics, including: cybersecurity and cloud requirements, cross-border data sharing and what's required to meet China's goal of carbon neutrality by 2060.

Matthew Chan, Head of Public Policy and Sustainable Finance at ASIFMA, comments "I would like to thank our speakers and panelists for providing our attendees with constructive and practical advice about engaging with China's capital markets, as well as their insights into how the policy and regulatory landscape has evolved and continues to evolve on issues like cloud, data, cybersecurity and green finance. There are many challenges, particularly for international firms grappling with laws and requirements designed for domestic firms, but there are equally many reasons to be optimistic for the future as China continues to pace the internationalization of its markets."

We would also like to thank our event lead sponsor **CICC** and our Day 4 sponsor **Links Law Offices** for their help in promoting and supporting today's event.

Opening Remarks



Charles Qin, Partner at Llinks Law Offices, kicked-off the day by expressing his excitement for the upcoming sessions and gave an overview of Llinks' services to help international firms operate in China.

Opening Keynote



Dr. LI Guochun, Senior Advisor of the International Cooperation & Foreign Institution Supervision Department at China Banking and Insurance Regulatory Commission (CBIRC), described the rapid pace at which China's markets have opened to international firms since it joined the WTO in 2001. He explained how this was essential to encourage innovation and healthy competition, and that China is committed to further opening its markets in the future.

Panel 1: China Cybersecurity and Cloud Requirements in an International Context



Panel 1 explored China's cybersecurity and cloud regulations from an international perspective. The panel covered adoption of public clouds in China, adopting the Financial Sector Cybersecurity Profile, and what MLPS2.0 means for the financial sector.

Panel 2: Cross-border Data Sharing, Privacy and Security



Panel 2 discussed China's complex data, privacy and security regulatory landscape, and compared it to other jurisdictions and international trends. They described how the ability to share data cross-border was essential to international firms operating in China, enabling them to deliver cross-border financial services. Xun Yang, Partner at Llinks Law Offices, expressed optimism for future regulatory reform on cross-border data sharing, privacy and security, whereas Jacob Gunter, Senior Policy and Communications Manager at the European Union Chamber of Commerce in China, struck a more cautious note in describing what he expects from short- to medium-term reforms.

Panel 3: How will China Reach Carbon Neutrality by 2060?



Panel 3 delved into various key aspects of China's pledge for carbon neutrality by 2060, and how the financial sector must play its role in helping China reach this objective. They looked at the history of environmental regulation in China, and China's role in international agreements, including Paris. They also explored the success of green bond market development, as well as the opportunities and requirement for green equity to reach the levels of capital needed to achieve carbon neutrality. It was exciting to hear the panelists' unanimous optimism that China will meet its target by 2060, not withstanding the significant policy, market development and international coordination efforts required leading up to that date.

Closing Keynote: Foreign Businesses Operating in China: Challenges and Opportunities



Hugues de la Marnierre, Chief Executive Officer of Société Générale (China) Ltd, delivered an informative closing keynote based on his experiences running an international financial institution in China. He explained that although the speed at which China's markets are liberalizing is encouraging, operating within a fast-changing regulatory environment in itself can prove challenging. However, he does agree that despite its difficulties the bigger picture is extremely promising and he is enthusiastic about the opportunities China's market provides.

Branded Presentation and Closing Remarks



Finally, Sandra Lu, Partner at Llinks Law Offices, gave a presentation on the challenges global asset managers face when operating in China. She described how different the Chinese market is to other jurisdictions, including such complexities as having two financial regulators for asset management, restrictions in data sharing and reporting, and difficulties competing with local firms to secure top Chinese talent. She shared Llinks' expertise in operating onshore and how they help international asset managers looking to operate in China.

Day 5: Outbound and Greater Bay Area

The speakers for Day 5: Outbound and Greater Bay Area (GBA) gave our attendees many valuable insights on the strategic initiatives aiming to integrate financial markets in the region and the prospects of future enhancements. Our leading industry experts had engaging discussions on a variety of topics, including: Wealth Management Connect, Hong Kong-Shenzhen Connect Expansion and Southbound Bond Connect and Dual Licensing.

Mark Austen, CEO of ASIFMA, comments "I would like to thank our attendees, speakers, sponsors, endorsers and media partners for what has been a truly insightful and thought-provoking week. Our role at ASIFMA is to create events that stimulate thought leadership and play a constructive role in the development of China's capital markets and the connections between Hong Kong, China and the rest of the world."

We would also like to give a special thanks to our event lead sponsor **CICC** for their help in promoting and supporting the event. We are tremendously honoured to have welcomed over **470** attendees over the course of the week, and look forward to welcoming you at our upcoming events: [ASIFMA ESG & Sustainable Finance Week](#) (1-4 June) and [ASIFMA Tech & Ops Week](#) (21-25 June).

Opening Keynote



YU Haiping, Director-General, Guangdong Financial Supervisory Authority outlined Guangdong's overall role in the reform and open up of China's economy. In relation to the GBA initiative, he shared the work Guangdong is doing to promote financial integration between Guangdong, Hong Kong and Macau.

Panel 1: Wealth Management Connect



Panel 1 discussed the philosophy behind and opportunities presented by the Wealth Management Connect as well as the desired future enhancements thereof. Alan Au, Executive Director, Banking Conduct, Hong Kong Monetary Authority said that the scheme is intended to provide investors in the Greater Bay Area with diversified investment products and meet their actual needs but will start with low to medium risk products first. The other panelists all agree that the scheme presents a huge opportunity for financial institutions in Hong Kong. They just hope that the scheme will be expanded in the near future to allow a broader scope of products and to financial institutions other than just commercial banks. They also would like to see the scheme simplify the cross-border account opening process and allow the provision of investment advice which is really important and allows financial institutions to best help the investors. Panelists all agree on the importance of investor education, investor protection and investor experience with digitalisation of the latter becoming more and more important.

Panel 2: Hong Kong-Shenzhen Connect Expansion and Southbound Bond Connect



Panel 2 explored the expansion of existing connect programs. LIU Fuzhong, Director of International Department, Shenzhen Stock Exchange shared details on the role capital markets have played to support technology innovation in Shenzhen. He also explained how national policies will continue to foster sustainable growth to achieve carbon neutrality and develop a pension system for an aging population. Donald Chen, Senior Advisor, External Department, Hong Kong Monetary Authority shared that Southbound Bond connect is scheduled to launch during the second half of this year. He noted that the Northbound channel of Bond Connect was successfully implemented in a phased manner, laying a solid foundation for the Southbound channel to operate smoothly and safely as well. It will likewise open in an incremental manner to make sure the market operates in a safe and sound way. James Sun, Head of Asia at Tradeweb commented that conditions are now favorable for a Southbound Bond Connect as China now has a maturing asset management industry. He likened the phased roll out approach to 'building the roads first, and the vehicles coming later'.

Panel 3: Dual Licensing



Panel 3 was a forward-looking discussion exploring the possibilities of mutual recognition of licenses for regulated activities to take place in different jurisdictions in the GBA, and what would need to be considered around enforcement, investor protection, account opening, data flows, lending activities, insurance and payments. The panelists shared that a pragmatic and prudent approach will need to be taken to ensure any scheme features the proper risk controls, and that close collaboration between regulatory and industry communities will be critical to drive future success.

Presentation



DENG Ge, CEO, Guosen Securities delivered an informative closing presentation on how the innovation driven development pattern of the GBA will facilitate business opportunities in the region and facilitate China's national strategy of connecting its economy with the world.

Closing Keynote 2



HE Jie, Director General, Shenzhen Municipal Financial Regulatory Bureau shared how Shenzhen has fostered innovation in technology, capital markets and fintech, and what the municipality has done to grow its talent base and accelerate their sustainable development initiatives.

Closing Keynote 2



It was a great privilege to have the Honourable Paul CHAN Mo-po, GBM, GBS, MH, JP, Financial Secretary, The Government of the Hong Kong Special Administrative Region deliver the closing keynote. The Financial Secretary emphasized Hong Kong's unique and important position as a financial and business bridge between the Mainland, Hong Kong and the rest of the world. He outlined recent initiatives to boost Hong Kong's competitiveness in IPOs, market access, asset and wealth management, green and sustainable finance and as a global risk management centre.

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