

# 提高中国资本市场的国际化水平

## CDF 企业专题报告

汇丰控股有限公司 提交

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### 内容提要

近年来中国金融领域的改革开放带来了显著的益处。在岸债券市场和股票市场的逐步开放，使得外国投资流入以及中国资产标的被纳入全球指数都显著增加，降低了中国企业的资金成本，增加了它们的融资多样性。放宽金融机构的外资持股限制，吸引了许多新的进入者，也带来了它们在市场开发和风险管理方面的经验。

到目前为止，金融改革开放已取得令人敬佩的进步，但也依然存在再上一层楼的机会。虽然需要警惕开放过于仓促可能会带来风险——上世纪 90 年代其他亚洲市场的经历就证明了这一点——我们通过与全球范围内庞大的客户群（从企业到金融市场投资者，再到个人客户）的定期沟通，可以看出，这些客户普遍对在中国开展业务和投资中国资本市场有着明显的兴趣。

在中国资本市场上的国际参与者主要可以分为三类：投资者、发行人和中介机构。本文从这三类参与者的视角出发，强调当前存在的一些可以提升国际化参与程度的商业机会，以及可能会阻碍实现这些机会的限制因素。

越来越多的国际投资者参与中国资本市场，这一趋势呈现强劲态势，而且我们认为在可预见的未来将继续保持下去。推动这一趋势的因素包括中国市场投资机会的吸引力，以及市场准入制度改革带来的投资者准入的便利化。然而，也存在一些挑战，限制了国际投资者。如果能解决这些问题，新的国际投资者会加快进入中国市场，现有的国际投资者也会进一步提升参与度。

解决这些问题大致可以从三个方向入手。一是增加提供给国际投资者的金融产品与对冲工具的种类，这一领域已经取得了一些进展，但推出的时间表和实施细节仍有待确定。二是在某些关键领域让国内市场与国际市场更加接轨，包括衍生品市场的终止净额结算制度和市场基础设施的互联互通，比如最近的“玉兰债”结构。三是采取措施扩大外国投资的规模，比如提高境外投资者持有中国股票的比例上限，放宽投资者资金汇回国内的汇款要求。

与国际投资者日益活跃形成对比的是，国际发行人进入中国资本市场的速度要慢得多。尽管跨国公司在华有大规模的业务运营，为这些公司在中国发行证券提供了充足的商业理由，但现有框架内的各种法律或监管规定限制了这些公司在本地发行证券。

在债券发行方面，在中国有运营的国际公司对发行熊猫债券有着天然需求，因为熊猫债可以帮助企业将其负债的币种与其本地业务产生的人民币现金流相匹配。然而，发行熊猫债在会计上的要求给一些发行人带来了额外的成本和负担，使得交易在经济上不那么有吸引力。放松对会计准则的要求可能会显著扩大熊猫债的发行量。

在股票发行方面，国际公司目前有两个选择。一种选择是以其中国的子公司为主体在本地上市，尽管到目前为止此类发行有限，但我们预计，会有一些公司对子公司在中国上市有较大兴趣。虽然不是所有公司都适用，但在某些情况下，本地上市有其战略上的好处，可以为公司在华的业务运营提供了更大程度的自主权和更多的资金，从而能在不断变化的中国市场抓住增长机会。

第二种选择是国际公司通过例如“沪伦通”这样的互联互通机制，发行

中国存托凭证（CDR），让母公司在中国上市。国际公司考虑这一选择有战略上的原因，但到目前为止，还没有一家公司通过发行 CDR 在中国上市。我们了解到，潜在发行人面临的主要限制涉及英国上市公司在中国上市时可能承担的额外法律和公司治理要求，在某些情况下，这些要求可能会限制母公司的战略灵活性，并带来额外的运营负担。如果 CDR 制度能进一步允许更多地依赖发行人的母国市场监管来保护中国投资者，这可能会降低在中国上市对潜在发行人的额外要求，增加他们对此类交易的兴趣。

最后，国际金融中介机构在中国资本市场的活动也是推动投资者和发行人进一步国际化的重要支撑。外资机构，例如汇丰和其他同行，可以在鼓励国际投资者进入中国市场方面发挥重要作用。这不仅得益于他们的全球客户基础，也得益于他们为这些客户提供的与国内同行相比的差异化服务，包括针对国际客户提供相关英语研究报告、上市企业对接服务、主题会议和创新服务。

然而，作为市场的新进入者，外资中介机构可能面临着盈利方面的挑战，再加上市场准入和牌照的制约，可能会限制它们的产品组合和服务客户的能力。牌照审批中，监管机构采用差异化标准来评估外资机构的申请资质，例如，中国银行间市场交易商协会（NAFMII）对外资机构开放的债券承销资格，可以更好地反映外资机构的自身特点，并确保他们能够持续为市场发展作出贡献。这也有助于外资金融机构的业务运营和盈利，鼓励它们继续开展对境外参与者的教育，使其了解中国市场的投资机会。

## 资本市场：进一步改革的背景

近几十年来，中国的改革开放政策是推动中国在经济发展和产业转型和全球影响力等方面取得显著进步和成就的关键因素。随着中国进入经济增长的下一发展阶段，越来越注重高质量的增长和创新引领，深化改革开放与发展双循环系统相互促进，为经济发展提供持续的动力。

过往所有发达经济体的发展经验均表明，金融领域的改革开放与实体经济的发展是相辅相成的。通过增加国际投资和参与度，中国可以进一步发展资本市场，为经济提供更多层次和多样化的资金，也可以更好地服务和支持其不断壮大的中产阶级的金融需求，并为产业发展提供所需的金融专业知识和资金，以进一步提升在价值链上的地位，扩大创新和国际化程度。

近年来金融领域的改革显示出改革可以带来的好处，以及境外的市场参与者参与中国改革的强烈意愿。在岸债券和股票市场的逐步开放，带来外资的大量流入和以及中国市场被纳入全球指数，降低了中国企业的资金成本并增加了融资的多样性。放宽金融机构的外资持股限制，使得包括汇丰在内的主要国际金融机构加大在中国的投资，引入它们在国际市场开发和风险管理方面的经验。

迄今为止取得的成就无疑令人印象深刻，但随着接下来持续的改革，仍存在取得进一步发展的显著机会。通过与我们在全球范围主要的客户群（从最大的跨国公司到较小的企业，以及各种规模的金融投资者）的定期沟通，我们的客户普遍对在中国开展业务和投资中国资本市场有着明显的兴趣。

本文从中国资本市场的三类国际参与者——投资者、发行人和中介机构——的视角出发，重点举例介绍了中国资本市场存在的一些限制因素，可能会阻碍中国市场国际参与度的提升以及相关商业机会的实现。

这些限制的存在是有原因的，我们强调这些限制并不是为了盲目地鼓吹改革，而不考虑其他相关因素。更确切地说，我们希望根据客户的反馈，指出我们认为最具潜力的领域，为您在规划改革机会时考虑应优先哪些领域提

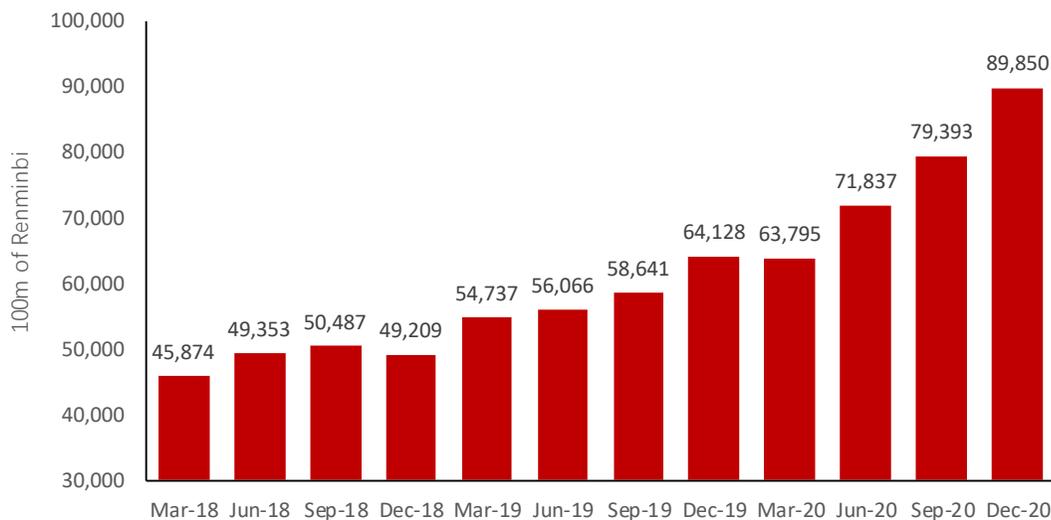
供参考。

## 一、国际投资者角度：加速投资流入

近年来，国际投资者对中国内地资本市场的兴趣日益浓厚。境外投资者入市的便利化措施为中国市场纳入全球指数铺平了道路，就此中国资本市场在国际投资者眼中不再是仅有探险者涉足的小众市场，而已成为绝对不可忽视的主流市场。

中国人民银行数据显示，2020年境外主体持有的人民币金融资产同比增长40%，2020年12月达到8.98万亿元。A股市场中，外资持有比例占整体市值的3.6%，占自由流通总量的8.9%，境外投资者已成为仅次于国内公募基金的第二大机构投资者群体。截至2021年1月，外资持有的中国债券规模已达到人民币3.47万亿元，全年增长58%。

### 境外机构持有境内人民币金融资产



资料来源：中国人民银行

投资者群体的国际化呈现强劲态势，而且我们预计未来几年对中国资本市场的青睐将持续增强。这种态势不仅受到中国资本市场规模、广度与多样性的驱动，其他影响因素还包括：收益率较其他主要市场更有吸引力、已被

纳入全球主要指数,以及市场准入方面的改革措施所带来的入市便利性等等。汇丰前海证券最近对 935 家机构投资者和大型企业进行的一项调查显示,受访机构中 98%积极参与中国在岸市场,62%计划在未来 12 个月进一步增加投资组合中对中国市场的配置。

汇丰在助力境外投资中国市场方面始终处于领先地位:按银行间债券市场(CIBM)中服务海外机构投资者的数量计算,汇丰拥有 33%的市场份额;按照为投资者提供 QFII/RQFII 整体托管服务的客户数量计算,占有 38%的市场份额。根据我行客户的观察与反馈,虽然国际投资者对中国资本市场兴趣日渐浓厚,但实际展业过程存在的障碍限制了投资者的进入与参与。解决这些问题将有助于进一步提升国际投资者进入中国资本市场的速度,并鼓励现有投资者加大参与度。

这些问题大致可分为三类:

## 1. 增加与市场发展相匹配的金融产品与对冲工具的种类

例如:

- 国际投资者目前可使用的对冲国内投资相关风险的金融工具十分有限,且进行对冲交易所要求的文件资料操作程序非常繁复。我们希望能早日推出满足投资者对冲需求的各类衍生品,包括债券期货、股指期货、股票期权、人民币利率期权和大宗商品期货等等。根据中国证监会的新规,上述金融产品中有不少将被批准入市,但具体时间和实施细节仍有待确定。这些措施的加速推出将有助于支撑投资持续流入。
- 目前国际投资者通过港股通渠道仍无法参与 A 股发行,只能在二级市场交易中买进此类股票,而二级市场交易的流动性有限,且估值通常更高。许多中国最具吸引力以及技术创新型企业正通过 IPO 上市在一级市场进行融资,允许港股通的投资者参与 A 股 IPO 将进一步提高国际投资者在中国市场的投资回报,从而吸引更多资金流入。

## 2. 优化国内市场的基础设施建设，更好地与国际市场惯例接轨

例如：

- 引入终止净额结算机制，为衍生品市场提供更多便利：
  - 降低衍生品交易的信贷额度与资本消耗，从而增加市场增长的空间；
  - 为国际（以及本土）投资者提供更多对冲方案；
  - 通过将市场参与者转移到集中清算平台（或将非集中清算衍生品转移到保证金交易平台）来缓解系统性信用风险。

目前国内在引入终止净额结算机制方面已经取得了显著进展，例如人民银行与银保监会就颁布终止净额结算的司法解释问题与最高法院一直进行的推动与沟通。我们非常支持这些举措，并相信终止净额结算机制将进一步完善与发展国内衍生品市场，让国际和本土投资者均受益。

- 加强本地存托管机构（如上海清算所）与国际市场机构（如欧洲清算银行和德意志交易所旗下 Clearstream）之间的基础设施的联接，将进一步支持跨境清算和结算、融资、抵押品管理及其他操作流程。这一点对于境外流入中国的投资尤为重要，如果能够加强基础设施的联接，可以为国际投资者提供更高的运营效率和支持。

最近的一项案例是 2021 年 1 月刚刚成功发行的首单“玉兰债”产品。在“玉兰债”的结构中，欧洲清算银行为所有离岸国际投资者提供托管结算服务，而上海清算所为中资发行人提供托管登记服务。这种技术上的合作可以被推广至更大范围，使离岸投资者仅通过欧洲清算银行的账户就直接参与由上清所执行清算交易的在岸市场。

- 类似情况还包括允许国际投资者使用其他市场通行的法律文件（例如，允许延续使用全球托管协议进入 QFII/RQFII 市场，或使用全球主回购协

议进行银行间债券市场的回购交易)，这样能够提高运营效率，并减少国际投资者进入国内市场在机制上的障碍。

### 3. 投资便利化措施

例如：

- 提高境外投资者持有中国股票比如 A 股个股的比例上限。境外投资者的兴趣往往集中在少数个股上，因此尽管对市场的整体投资远低于 30% 的上限，但在个股层面，30% 的持股限制已成为制约外资参与的因素。随着资金流入的增加，这种制约将更加明显。外资持有个股比例上限的提高可以为国际投资的持续流入扩充更多容量，有助于中国企业降低资本成本，获得更大的流动性与潜在的资金来源。
- 放宽资金汇款限制将为境外投资者汇回资金提供更大的灵活性，也将鼓励国际投资者进一步投资国内市场。例如，许多银行间债券市场参与者认为多币种限额计算方法十分复杂，可能还需要平仓以满足比率要求，从而产生额外的运营、交易和资金成本。简化这一流程可以提高投资者的灵活性，进而扩大投资。

## 二、国际发行人角度：提高参与度

与迄今在吸引国际投资者方面已取得重大成就形成对比的是，国际发行人进入中国资本市场的速度要慢得多。尽管跨国公司在中国市场占有重要比重，其中许多都是海外市场活跃的证券发行人，但外国公司在中国发行证券的例子屈指可数。

根据我们与客户的交流，我们发现一些公司有充足的商业理由在本地发行证券，尤其是发行债券。然而，现有法律或监管框架中存在各种限制，无法有效实现这些目标。

在本节中，我们考察债券和股票发行中最有前景的商业机会，并概述扩大交易的潜在制约因素。

### 债券发行：熊猫债券

许多跨国公司在中国有大量投资和业务运营，占其整体收入、利润和资产中很大比重。为了管理由本地运营带来的货币敞口，企业倾向于将负债的币种与业务运营产生的货币相匹配，这成为企业发行人民币债券的天然需求。

然而，到目前为止，只有有限数量的国际企业（包括汇丰银行）成功发行了熊猫债券，也就是由离岸实体发行的在岸人民币计价债券。发行较少的主要原因是由于财政部规定熊猫债券发行人在公开银团发行时应使用中国会计准则，或经（财政部）认定与中国会计准则等效的会计准则。

#### 部分企业和金融机构熊猫债券发行人

Corporate		Financial		
	<b>Air Liquide</b>	法国液化空气 工业气体	 <b>HSBC</b>	汇丰银行
		德国戴姆勒 汽车		法国农业信贷银行
				马来西亚银行
	<b>新鸿基地產</b> Sun Hung Kai Properties	香港新鸿基地产 房地产		渣打银行
		新加坡托克集团 大宗商品交易		大华银行
		法国威立雅 环保		
		香港九龙仓集团 综合		

资料来源：汇丰银行

注：以上发行人名称按字母排序（汇丰除外）。一些超国家机构、主权国家和开发机构也发行了熊猫债券，以及不少在海外注册的以中国市场为主的实体

企业。

目前，财政部参考交易先例，只承认香港会计准则或欧盟国际财务报告准则等同于中国公认会计准则，这两个司法管辖区都签署了互认协议。这意味着，采用美国会计准则或其他会计准则的潜在发行人无法通过公开银团发行直接发行熊猫债券。尽管存在其他选择——例如，发行人可以就其选择的会计准则与中国会计准则的差异编制一份摘要，或者通过私募方式发行——但额外产生的成本和负担使得这笔交易对潜在发行人来说并不划算。

如果熊猫债券发行的会计要求放宽，我们预计将新增大量交易意向，将有更多的跨国公司筹划发行在岸人民币债券，以配合它们在中国的业务运营。

债券发行簿记建档的调整可能会进一步推动需求的上升，因为目前熊猫债券发行的流程与国际惯例不同。在国际市场上，债券簿记建档的流程通常信息共享程度更高，投资者更了解需求水平，发行人也对需求组合有充分的了解。在岸市场的做法与此有所不同，通常只有簿记管理人对竞标过程有全面了解。这为簿记管理人创造了操作空间，并可能为偏向的竞标者提供更多信息和更优惠的报价。这可能导致发行人最终的定价结果不理想，同时导致发行人对其投资者基础没有影响力。信息透明度更高的簿记程序将使国际发行人（以及国际投资者）对发行过程更有信心，从而进一步鼓励潜在发行人进入市场。

此外，为吸引资金投资熊猫债券所做的工作，将提升熊猫债券作为一种融资选择对发行人的吸引力。与熊猫债券特别相关的一个技术问题是，目前进入银行间市场的熊猫债券都要通过上海清算所进行清算。一些国际投资者，特别是中央银行和国际机构，仅在中央国债登记结算有限责任公司拥有现成的帐户。如能在上清所和中债登之间实现帐户关联，类似于前面提到的“玉兰债”的结构，可以促进更多投资者参与熊猫债券的发行，从而提高熊猫债券对国际发行人的吸引力。

股票发行：股票互联互通，例如沪伦通

近年来，中国修订了证券法规，设立了新的上市板块，允许境外公司在 A 股市场上市。迄今为止，国际发行人在中国交易所的 IPO 交易有限，最近的一个例外是新加坡丰益国际集团 (Wilmar International) 旗下益海嘉里金龙鱼公司在 A 股上市。我们预计将有更多的跨国公司考虑将其本地子公司上市，作为其战略决策的一部分，目的是让它们的中国运营实体拥有更大的自主权和灵活性以及更充足的资金，以便在庞大、充满活力和快速变化的中国市场抓住机会实现增长。

另一个相对较新的发展是与沪伦通相关的中国存托凭证 (CDR) 机制，根据该制度，外资企业的母公司可以直接进入中国股票市场，对等地，中国公司也可以通过发行全球存托凭证 (GDR) 的形式在伦敦上市。

迄今为止，已有四家中国公司在伦敦证券交易所 “西向” 上市发行全球存托凭证 (GDR)，但暂时还没有在伦交所的上市公司在上交所 “东向” 上市。

### 目前在伦敦交易所 “西向” 上市的中国公司



资料来源：伦敦证券交易所

注：募资金额包括行使超额配股权。

对于在中国已有相当规模本地运营的跨国公司而言，考虑这样的上市有

战略驱动因素，包括上市可以在中国市场带来的形象和品牌效应，让在中国的利益相关者也有机会参与分享公司的成长，以及参与中国日益增长的财富和投资需求所带来的机会。

根据潜在发行人的参与，我们了解到，迄今为止，发行人对东向上市的顾虑主要涉及，英国上市公司在母国市场的法律和公司治理要求与在中国上市时可能受到的要求，两者之间的差异。

在战略层面，一些在海外市场常见的企业财务行为，但目前在中国市场并不能操作，未来如何在 CDR 框架内实现，仍存在不确定性。这方面的例子包括在收购要约中使用非中国上市股票作为对价，或者使用安排方案作为收购结构。由于这些不确定性，发行人或许担心 CDR 上市可能会对其公司的战略灵活性带来限制。

在合规层面，中国法律框架下，发行人、公司董事和股东也可能会面临相较于英国法规而言更多的责任和义务。例如，中国法律规定的董事责任的要求更高，包括对董事责任的推定、对年报的认证标准，以及发行人由于在中国上市而被要求做出的（超出其他地区的）财务和其他信息披露。虽然这些问题更多是技术层面的，但在实际执行中，它们可能会给发行人带来额外的工作量和难度或者风险，甚至在某些情况下可能会对公司造成相当重大的影响。

如果沪伦通 CDR 机制或其他互联互通机制的进一步发展，可以允许发行人在更大程度上依赖遵守母国监管来保护中国股东，或许可以降低发行人面临的额外约束和风险。这可以直接减少潜在发行人在考虑通过 CDR 机制上市时的一些担忧。这可能会增加此类发行对广大国际发行人的吸引力，也有助于使中国投资者获得更国际化的投资机会。

### 三、国际中介机构：发挥关键作用

除了直接鼓励资本市场的两头——投资者和发行人——实现更大程度的国际化，国际金融中介机构在中国资本市场的参与也是促进市场国际化的重要基础。

对外资持股的放宽和对境外金融机构市场准入的放松，鼓励了一些新的国际机构进入证券业，以及更广泛的金融业。汇丰前海证券成为内地首家外资控股券商，此后许多国际同行也纷纷效仿。

除了带来国际市场业务发展和风险管理方面的经验外，国际机构也在支持鼓励国际投资者和潜在的国际发行人方面发挥着重要作用。

国际机构对于扮演这一角色具备独特优势，凭借其拥有的庞大全球客户基础和知名品牌，它们是国际投资者和国际媒介组织发现和研究新投资机会的典型渠道。

以汇丰为例，汇丰在支持中国资本市场发展方面的一些活动包括：

- 发布有关中国经济、中国市场机会和个股分析的研究报告，着重发布双语报告，减少国际投资者面临的信息不对称问题。
- 通过协调安排一对一交流、路演、会议和其他活动，为国际投资者接触了解中国上市公司提供支持——我们标志性的汇丰中国投资年会就是一个例子。
- 参与市场创新，如协助 QFII 首批融资融券交易、首批中日 ETF 互通产品，以及首批沪伦通项下 GDR 产品的发行。



2019年5月，汇丰集团主席杜嘉祺(Mark E Tucker)在深圳举行的第六届汇丰中国研讨会上发表讲话。400多家投资者和160多家企业参加了这次活动，共有45位发言嘉宾和17场分析师带领的参观调研活动。2020年，由于新冠疫情的缘故，该活动以线上方式举行。

其他国际同行也采取了类似的做法。然而，国际机构发挥这一作用的程度取决于它们在中国的业务发展水平。中国证券业的竞争仍然非常激烈，国际机构面临着一些关键的结构性劣势。

作为市场的新进入者，外资中介机构缺乏国内竞争对手已有的业务规模，这给盈利带来了挑战。再加上市场准入和牌照的制约，可能会限制它们的产品组合和服务客户的能力。

举例来说，某些牌照的审批需考察申请机构现有的业务规模。这可能导致外资机构因其在中国的规模较小，尽管其母公司的全球运营已有相当规模和成熟度，但实际仍被排除在一些业务范围之外。如果采用能够参照外资机构全球规模的评估标准，将有助于创造更公平的竞争环境。

在某些领域，监管机构确实采取了创新举措来鼓励外资机构。例如，中国银行间市场交易商协会（NAFMII）向包括汇丰银行在内的国际银行发放了 B 类（外资银行）主承销牌照，承认外资银行在达到本地牌照要求方面面临巨大困难。在其他市场自由化措施中，NAFMII 最近还向某些外资银行发放了 A 类主承销牌照。继续扩大此类支持政策，可以帮助外资金金融机构的业务发展，并鼓励它们继续开展对国际市场参与者的教育，使其了解中国市场的投资机会。

## 结语

中国资本市场的国际化程度提升取得巨大进展，证明了中国资本市场改革的成功，也证明了国际化参与具备坚实的商业基础。国际化参与的总体框架已经到位。进一步的调整以支持和促进国际参与，对国际市场参与者和中国人民及企业都是互惠互利的。

汇丰银行继续通过参与中国的持续发展，利用我们的全球网络和国际经验支持中国的发展，同时帮助客户获得在中国和世界各地的发展机会，持续挖掘重要机遇。

**INCREASING INTERNATIONALISATION OF  
CHINA’S CAPITAL MARKETS  
A CDF ENGAGEMENT PAPER  
SUBMITTED BY HSBC HOLDINGS PLC  
MARCH 2021**

**Executive Summary**

Recent “reform and opening up” initiatives in the financial sector have brought demonstrable benefits. Incremental opening up of the onshore bond and equity markets has resulted in a significant increase in foreign investment inflows and global index inclusion, lowering the cost of capital and increasing funding diversity for Chinese enterprises. Relaxations to foreign ownership restrictions of financial firms have resulted in numerous new entrants, bringing with them their experience in market development and risk management.

Despite impressive progress to date, significant opportunities for further achievements on reform remain. While caveating that an overly hasty opening can

carry risks – as evidenced by the experience of other Asian markets in the 1990s – our interactions with our significant global client base, including companies, financial investors and individuals, show there is clear appetite to do more business in China, and in China’s capital markets.

There are three broad categories of international participants in China’s capital markets, being investors, issuers and intermediaries. This paper looks through the lens of each to highlight instances where real and current commercial opportunities exist to accelerate international participation in China’s markets, but certain constraints are acting to limit the realization of those opportunities.

International investor participation in China’s capital markets is an area with strong momentum, which we expect to continue over the foreseeable future. This is driven by the attractive investment opportunities available in China and enhanced ease of investor access as a result of market access reforms. Nevertheless, there are certain challenges that constrain international investors, the resolution of which could further accelerate entry of international investors into China’s markets, and encourage existing investors to increase their participation.

These challenges broadly fall under three categories of reform. The first is increasing the availability of financial products and hedging tools for international investors, an area where some advancement has been made but timing and implementation details are still pending. The second is greater alignment between domestic markets and international markets in certain key areas, including close-out netting in the derivatives market and increased market infrastructure linkages, such as the recent “Yulan Bond” structure. The third is adoption of measures to facilitate greater international investment, such as increases in the foreign ownership limits of Chinese listed equities and relaxations to remittance requirements for repatriations of investors’ funds.

In contrast to significant international investor activity, the entrance of international issuers in China’s capital markets has been significantly slower. Despite the significant presence of multinational companies in China, creating a strong commercial rationale for such firms to issue securities locally, various legal or regulatory constraints within established frameworks have acted to limit the extent of local issuance.

With respect to debt securities, there is natural demand for Panda bond issuance by international firms, as Panda bonds would help firms match their debt profile to the Renminbi cashflows their business operations generate. However, specific accounting requirements for Panda bonds introduce additional cost and burdens for certain issuers, making the transaction less attractive economically. Relaxation of these requirements could see significantly greater Panda issuance.

As it relates to equity securities, international firms currently have two options. One is the local listing of their Chinese subsidiary, and while such activity to date has been limited we foresee significant interest in local subsidiary listings for certain firms. While not applicable for all firms, a local listing can be strategically compelling in certain situations, as it provides Chinese operations a greater degree of autonomy and significant growth funding to pursue local opportunities in the dynamic Chinese market.

The second option for international firms is a listing of the parent entity via a China depository receipt listing under schemes like the Shanghai-London Stock

Connect. There are strategic reasons for international firms to consider this option, but to date no firm has yet proceeded with a CDR listing. We understand the primary constraints on potential issuers relate to the additional legal and corporate governance requirements a UK listed company would assume under a Chinese listing, which could potentially act to constrain strategic flexibility and impose additional operational burdens in certain circumstances. Should the depository receipt framework evolve in a way that relied more heavily on the issuer's home market regulation to protect Chinese investors, that could reduce the additional impositions of a Chinese listing for potential issuers, and increase their appetite for such a transaction.

Lastly, the activity of international financial intermediaries within China's capital markets is an important supporting layer to encourage greater internationalization on both the investor and issuer side. International firms, like HSBC and others, can play a significant role in encouraging international entrants. This is not only by virtue of their global client bases, but also the differentiated services they provide these clients in comparison to domestic peers, including English-language research, corporate access, informational events and service

innovations that are particularly relevant for international participants.

However, as new entrants to the market, these international intermediaries can face profitability challenges, compounded by market access and licensing restrictions that can act to limit their product portfolio and ability to meet client demands. Adoption of differentiated approaches to assessing international firms for licences, such as those adopted by NAFMII on bond underwriting, can be appropriate to reflect the unique situations of international firms, and allow them to contribute to continued market development. This also helps to support their business operations, profitability, and incentivizes them to continue educating international investors and issuers on the opportunities available in China's capital markets.

## **Capital Markets: The Backdrop to Reform**

China's "reform and opening up" policy has been a critical enabler of China's remarkable progress and achievements in economic development, industry transformation and its increased global presence over recent decades. As China enters the next stage of its expansion, with increasing focus on higher quality growth and leadership in innovation, continued reform and opening up should complement the development of a dual circulation system and provide an ongoing tailwind to economic development.

The experience of all developed economies shows that reform and opening up of the financial sector go hand-in-hand with development of the real economy. Through increased international investment and participation, China can further develop its capital markets, providing the economy with greater volumes and diversity of funding. It can better serve and support the financial needs of its growing middle class, and provide industries with the expertise and capital they need to ascend further up the value chain.

Recent reforms to the financial sector have shown considerable benefits. The incremental opening up of the onshore bond and equity markets has resulted in a significant increase in foreign investment inflows and global index inclusion, lowering the cost of capital and increasing funding diversity for Chinese enterprises. Relaxations to foreign ownership restrictions of financial firms have resulted in leading international financial firms, including HSBC, increasing their investment in China, bringing with them their experience in international market development and risk management.

Achievements to date have undoubtedly been impressive, and policymakers will also of course have in mind the need to guard against an overly rapid opening up of the financial system given the experience of other Asian markets in the 1990s. However, significant opportunities for further progress on reform remain. Through our regular interaction with our significant global client base, from the largest multinational corporations to smaller businesses, along with financial investors of all sizes, there is clear appetite amongst our clients to do more business in China, and in China's capital markets.

This paper looks through the lens of three categories of international participants in China's capital markets – investors, issuers and intermediaries – and highlights instances where there are real and current commercial opportunities to accelerate international participation in China's markets, even if certain constraints may limit the realization of those opportunities.

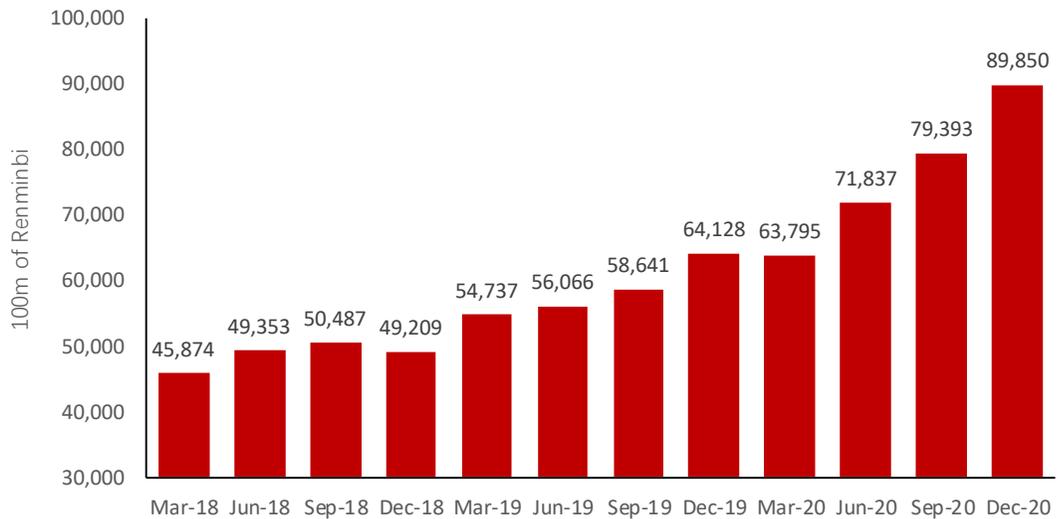
These are reasons why these constraints exist, and in highlighting these constraints we do not seek to blindly advocate for reform without consideration of all relevant factors. Rather, we seek to highlight the areas where – based on feedback from our clients – we see the greatest potential for commercial opportunities, to help inform your understanding as to prioritization in considering reform opportunities.

## **International Investors: Accelerating Investment Inflows**

International investor interest in mainland China's capital markets has grown strongly in recent years. Owing to reforms implemented to improve international investor access, which paved the way for recent global index inclusion, the attitude of international investors towards China's capital markets has shifted from China being a market only for the intrepid international investor to being a mainstream market which investors cannot afford to ignore.

According to PBoC data, overseas holdings of yuan-denominated assets increased 40% year on year in 2020 to reach CNY8.98trn by December. Foreign holdings of A-Shares represented 3.6% of the total A-share market cap and 8.9% of the free-float adjusted market cap, making foreign investors the second largest institutional investor group behind domestic mutual funds. Foreign holdings of Chinese bonds reached CNY3.47trn in January 2021, having risen 58% over the course of 2020.

## **Domestic RMB Financial Assets Held by Overseas Entities**



Source: PBoC

Internationalisation of the investor base is clearly an area with strong momentum, and we expect continued interest over the next few years. The drivers of this interest include the scale, breadth and diversification offered by China’s markets, the attractive yields available in China relative to other major markets, global index inclusion and enhanced ease of access as a result of market access reforms. A recent HSBC Qianhai Securities survey of 935 institutional investors and large corporates found 98% of them are actively engaged in the onshore market, and 62% of them plan to further increase their portfolio allocations to China over the next 12 months.

HSBC has a leading market position in facilitating this inbound investment, with 33% market share by number of overseas institutional investors served in CIBM, as well as 38% market share by number of investors under custody for the integrated QFII and RQFII schemes. Observations from our client base confirm that international investor interest is strong and rising but, nevertheless, certain challenges remain that constrain investors in accessing and participating in the market. Resolving these issues could help to accelerate further the entry of international investors into China's markets, and encourage existing investors to increase their participation.

These issues broadly fall under three categories of reform:

**Increasing availability of financial products and hedging tools for international investors**, for example:

- International investors currently have limited access to hedging products to manage risks related to their domestic investments, and

documentation requirements for hedging transactions can prove operationally onerous. We expect hedging-related investor demand for a large range of derivatives, including bond futures, equity index futures, stock options, CNY interest rate options and commodity futures. Access to many of these products will be expanded under new CSRC rules, but the timing and implementation details are still pending. An accelerated rollout of these measures may help support continued investor inflows.

- International investors investing through the Stock Connect program are currently unable to participate in A-Share IPOs, being only able to acquire such shares in secondary market trading which offers more limited liquidity and typically higher valuations. Many of China's most attractive and technologically innovative companies are coming to market via IPO to seek funding, and allowing Stock Connect based investors to invest in A-Share IPOs would further enhance returns that international investors can derive in China's markets, thereby potentially attracting increased interest and inflows.

**Greater alignment between domestic market infrastructure and**

**international practices**, for example:

- Introducing close-out netting for the derivatives market, which provides numerous efficiency benefits for the derivatives market, including
  - reducing credit lines and capital consumed by derivatives transactions, thus increasing headroom for market growth
  - providing for a greater availability of hedging solutions for international (and local) investors
  - mitigation of systemic credit risk by moving market participants onto centralized clearing houses (or margin exchanges for un-cleared derivatives)

There has been noticeable progress already made towards the introduction of close-out netting, such as efforts by the PBoC and CBIRC engaging the Supreme Court on the option to issue a judicial interpretation on close-out netting. We encourage these efforts and believe close-out netting would further develop the derivatives market for both international and local investors.

- Increased linkages in market infrastructure between local depositories

such as Shanghai Clearing House (“SCH”) and international market infrastructure, e.g. Euroclear and Clearstream, would further support cross-border clearing and settlement, financing activities, collateral management and other operational processes. This is particularly relevant for inbound investment to China, where such linkages could potentially provide greater operational efficiency and support to international investors.

A recent case study, with the first successful issuance in January 2021, is the groundbreaking “Yulan Bond” structure. Under the Yulan structure, Euroclear acts as the common depository for offshore international investors while SCH serves as common depository for the issuer. This technical co-operation could be further extended to potentially allow offshore investors only holding Euroclear accounts to directly participate in onshore markets, with transactions cleared through SCH.

- Similarly, providing international investors with an option to use the same legal documentation they use in other markets (e.g. utilizing their Global Custody Agreements for QFII/RQFII market entry, or Global Master

Repurchase Agreement for repo trading in CIBM) would potentially provide greater operational efficiency and reduce set-up barriers in entering domestic markets for international investors.

**Adopting measures to facilitate greater investment, for example:**

- An increase in the foreign ownership limitation on investor holdings of Chinese equities such as A-Shares. International investor interest tends to concentrate in a smaller number of securities, so while overall market investment is well below the 30% threshold, at the individual security level the 30% limitation has proven a constraint. With increasing inflows, this constraint could be even more relevant going forward. An increase in this foreign ownership limit provides further capacity for continued international investment, helping to lower the cost of capital for Chinese firms and providing greater liquidity and potential sources of funding.

- A relaxation on the requirements for fund remittances would provide greater flexibility for international investors to repatriate funds, which would

also encourage further investment into domestic markets. For example, many CIBM investors find the multi-currency ratio calculation method complicated, and can need to liquidate securities in order to fulfil the ratio requirements resulting in incurring additional operational, transaction and funding costs. Simplifying this process could improve investor flexibility and encourage further investment.

### **International Issuers: Increasing Participation**

In contrast to the significant achievement to date in expanding international investor activity, the entrance of international issuers in China's capital markets has been significantly slower. Despite the significant presence of multinational companies in China, many of which are active securities issuers in overseas markets, there are only a handful of examples of foreign companies issuing securities locally.

Based on our conversations with our client base, we see a strong commercial rationale for certain firms to issue securities locally, particularly for debt securities. However, there are various legal or regulatory constraints within established

frameworks which have prevented these from being effectively realized.

In this section, we consider the most promising commercial opportunities across both debt and equity issuance, and outline the potential constraints to further transactional activity.

#### *Debt Issuance: Panda bonds*

Many multinationals have substantial investments and operations in China, representing a significant part of their revenue, profits and asset base. To manage the currency exposures that result from these operations, firms tend to look to match the currency of their liabilities to the currencies their business operations generate – creating a natural demand for firms to issue Renminbi-denominated debt.

However, to date there have been only a limited number of international firms (including HSBC) who have issued Panda bonds, which are onshore Renminbi-denominated bonds issued by an offshore incorporated entity. The primary reason for the lack of activity is due to Ministry of Finance regulations, which stipulate that Panda bond issuers should use China Generally Accepted Accounting

Principles (“GAAP”), or a GAAP deemed equivalent to China GAAP, for publicly syndicated offerings.

### Selected Corporate and Financial Panda Bond Issuers to Date

Corporate		Financial	
 <b>Air Liquide</b>	Industrial gases	 <b>HSBC</b>	Banking
	Automobiles		Banking
	Automobiles		Banking
	Real estate		Banking
	Commodity trading		Banking
	Environmental services		
	Conglomerate		

Source: HSBC

Note: Names (excluding HSBC) displayed in alphabetical order. A number of supnationals, sovereigns and agencies have also issued Panda bonds, as well as numerous predominantly Chinese entities incorporated offshore.

At present, referencing precedent transactions, the Ministry of Finance only

recognizes HKSAR GAAP or EU IFRS as equivalent to China GAAP, with both jurisdictions signing mutual recognition arrangements. This means that potential issuers who utilize US GAAP, or other accounting standards, are unable to issue a Panda bond directly through a publicly syndicated offering. While alternate options exist – for example, issuers could prepare a summary of the differences to China GAAP of their chosen accounting standard, or proceed via a Private Placement – the additional cost and burden involved makes the transaction uneconomic for the potential issuer.

Should the accounting requirement for Panda issuance be relaxed, we anticipate a significant pipeline of Panda transactions as multinational companies look to issue onshore Renminbi debt to match their significant Chinese operations.

This could be further supported by changes to the bookbuilding process for bond issuance, which differs in market practice to international norms. In international markets, bond bookbuilding is typically conducted using a process with greater information shared, with investors provided with information on demand levels and issuers having full visibility as to demand composition. Onshore

market practice differs, with the Bookrunner typically being the sole party with full visibility of the bidding process. This creates opportunity for the Bookrunner to maneuver and possibly provides favoured bidders with superior intelligence and outcomes. This can result in inferior pricing outcomes for issuers, along with giving issuers no influence over their investor base. A bookbuilding process with greater transparency of information would provide international issuers (as well as international investors) greater confidence in the issuance process, further encouraging potential issuers to come to market.

Furthermore, efforts to facilitate greater investment in Panda bonds will further improve the attractiveness of Panda bonds as a funding option for issuers. One technical aspect particularly relevant to Panda bonds is that Panda bonds issued into the interbank market are currently cleared via the Shanghai Clearing House (“SCH”). Certain international investors – particularly central banks and international agencies – only have existing accounts with China Central Depository & Clearing (“CCDC”). Account linkages between SCH and CCDC, similar to the “Yulan bond” structure noted above, could facilitate greater participation of these investors in Panda bond issuance, enhancing the attractiveness of Panda bonds to

international issuers.

*Equity Issuance: Stock Connects, e.g. Shanghai-London Stock Connect*

In recent years, China has revised securities regulations and established new boards to allow foreign incorporated companies to list locally. To date, there has been limited IPO activity by international issuers on Chinese exchanges, with a recent exception being the listing of Yihai Kerry Arawana by Singapore's Wilmar International. We foresee increasing interest from multinational companies in listing their local subsidiaries, as part of a strategic decision to provide their Chinese operations with greater autonomy, flexibility and funding for growth to pursue opportunities in the large, dynamic and fast-evolving Chinese market.

Another relatively recent development is the establishment of the Chinese depository receipts ("CDR") program in conjunction with the Shanghai-London Stock Connect, whereby the parent company of an international firm can directly access China's equity markets, with an equivalent global depository receipt for Chinese firms listing in London.

To date, there have been four “Westbound” listings of global depository receipts on the London Stock Exchange by Chinese firms, but there has yet to be an LSE-listed firm to pursue an “Eastbound” listing on the Shanghai Stock Exchange.

### “Westbound” Listings under Shanghai-London Stock Connect To Date



Source: LSE

Note: Amounts of capital raised includes exercise of over-allotment options.

There are strategic drivers for international firms with significant Chinese operations to consider such a listing, including the profile and branding benefits a Chinese listing can bring in China, the opportunity to allow China-based

stakeholders to participate in the company's success, and to participate in opportunities created by the growing wealth and investment appetite in China.

Based on potential issuer engagement, we understand the primary constraints on issuer appetite for an Eastbound listing to date relate to the differences in the legal and corporate governance requirements between those a UK listed company is accustomed to in its home market, and those it would be subject to under a Shanghai listing.

On the strategic level, there are uncertainties as to how certain corporate finance initiatives that are customary in foreign markets but not currently practiced in China's local markets would be accommodated within the CDR framework. Examples of this include the use of non-China listed shares as consideration in a takeover offer, or the use of a scheme of arrangement as an acquisition structure. As a result of these uncertainties, issuers may have concerns about constraints a CDR listing could place on their company's strategic flexibility.

At the compliance level, Chinese laws would also impose certain burdens and

obligations on the issuer, its directors and its shareholders that are additional to those an issuer would be subject to under UK law. Examples include the higher director liability standard under Chinese law, including a presumption of director liability, the higher certification standard for annual accounts under Chinese law, and the additional financial and other information disclosures an issuer would be required to make in relation to its Chinese listing. While these issues are more of a technical nature, in practice they can result in additional operational burdens or risks for an issuer, which in certain circumstances could potentially result in quite significant impacts for the firm.

Should the Shanghai-London CDR scheme, or other Stock Connect-style schemes, evolve in a way that allows issuers to rely more greatly on home market regulatory compliance to protect Chinese shareholders, that could reduce the degree to which issuers face additional constraints and risks under the CDR framework. This may increase the attractiveness of such issuance amongst the universe of potential international issuers, helping to internationalise the investment opportunities available to investors in China.

## **International Intermediaries: Playing a Key Role**

In addition to directly encouraging greater internationalization on both sides of the capital market – investors and issuers – the activity of international financial intermediaries within China’s capital markets is an important supporting foundation to encourage greater internationalization.

The relaxations on foreign ownership and improved market access for international financial firms have encouraged a number of new international entrants to the securities industry, and the financial industry more generally. HSBC was the first international firm to own a majority stake in a Chinese securities company, HSBC Qianhai Securities, and a number of our international peers have followed suit.

In addition to bringing experience in international market development and risk management, international firms also play a significant role in encouraging greater activity amongst international investors and potentially international issuers.

International firms are uniquely positioned to play this role, by virtue of their large existing global client bases and established brand names, and are the typical channels via which international investors and international media organisations will discover and research new investment opportunities.

As an example, some of HSBC's activities in supporting China capital market development include:

- Research publications on the Chinese economy, Chinese market opportunities and stock-specific research, with a particular focus on dual-language material, reducing information asymmetry for international investors.
- Facilitating corporate access for international investors to listed Chinese companies, through bilateral engagement, roadshows, conferences and other events – with an example being our signature China-specific HSBC China Conference.
- Participating in market innovation, such as facilitating the first

securities lending transactions under QFII, the first batch of Japan-China ETF Connect participants, and the first batch of GDR registrations under the Shanghai-London Stock Connect program.



*HSBC Chairman Mark E Tucker addresses HSBC's 6<sup>th</sup> Annual China Conference in Shenzhen, May 2019. The event was attended by over 400 investors and 160 corporates, with 45 speakers and 17 analyst-led tours. The conference was held digitally in 2020 due to COVID-19.*

Other peer international firms pursue similar approaches. However, the ability of international firms to play this role relies upon the commercial success of their operations in China. The securities industry in China remains extremely competitive, and international firms face certain key structural disadvantages.

As new entrants, they lack the scale of established domestic competitors, which creates profitability challenges. This is compounded by market access and licensing restrictions, which may limit their product portfolio and ability to meet client demands.

One example is that certain licenses consider the scale of a firm's existing local operations. This can effectively exclude international firms from consideration by virtue of their smaller scale domestically, regardless of the size and maturity of their global operations. Alternate assessment criteria for international firms which considered their global scale would help level the playing field.

In certain areas, regulators have indeed adopted innovative practices to encourage international firms. For example, NAFMII granted the Type B (Foreign

Bank) lead underwriting license to international firms, including HSBC, recognizing that foreign firms would face significant difficulty in meeting local license requirements. Amongst other market liberalization measures, NAFMII has also recently granted Type A lead underwriting licenses to certain international firms. A continuation and extension of this support would support the commercial operations of international firms, and incentivize them to continue educating international market participants on the opportunities available in China.

## **Conclusion**

Great progress has been made in increasing international participation in China's capital markets, which is testament to a successful reform program and the strong commercial rationale for international participation. The overarching frameworks for international participation are in place. Further adjustments to support and accelerate international participation would be of mutual benefit to both international market participants and the people and businesses of China.

HSBC continues to see significant opportunities by participating in China's

ongoing development, leveraging our global network and international experience to support China's development whilst helping our customers access opportunity in China and around the world.