

Macro & Financial

China FSAP kickoff meeting held in Beijing

Market News

The kickoff meeting of the onsite assessment of China Financial Sector Assessment Program was recently held in Beijing. The IMF and World Bank jointly put forth the FSAP after the Asian financial crisis, and it has evolved into a financial stability assessment framework widely accepted worldwide. China pledged to accept the FSAP assessment at the G20 Washington Summit and London Summit, and completed the first assessment in November 2011. As a systematically important economy, China will accept the second FSAP assessment in 2016-2017.

[PBC News](#) (Currently Only Available in Chinese)

**Regulatory
Developments**

Joint announcement of CSRC and SFC

To promote the common development of the capital markets in mainland China and Hong Kong, the China Securities Regulatory Commission (CSRC) and the Hong Kong Securities and Futures Commission (SFC) have approved the official launch of the Shenzhen-Hong Kong stock trading connect mechanism (Shenzhen-Hong Kong Stock Connect), in which the Shenzhen Stock Exchange, The Stock Exchange of Hong Kong Limited, China Securities Depository and Clearing Corporation Limited and Hong Kong Securities Clearing Company Limited are major participating party. Trading will commence on 5 December 2016. We hereby make the following announcement:

I. The necessary trading and clearing rules and other relevant rules for the Shenzhen-Hong Kong Stock Connect, the daily quota mechanism and other regulatory and operational arrangements have been finalized. The technical systems are ready and contingency plans are in place. Market training and investor education programs have also been productive.

II. The CSRC and the SFC have agreed on the principles and arrangements for regulatory and enforcement cooperation relating to Shenzhen-Hong Kong Stock Connect and have signed a memorandum of understanding on regulatory and enforcement cooperation. This strengthens the enforcement cooperation between the CSRC and the SFC and signifies their joint commitment to taking effective action against illegal activities and market misconduct to maintain an orderly market and protect investors. In addition, the CSRC and the SFC have established arrangements and procedures for liaison and cooperation on any contingency or major event that occurs during the operation of the Shenzhen-Hong Kong Stock Connect and for

referring and effectively handling investors' complaints .

III. Stock exchanges, securities trading service providers and securities registration and clearing institutions should perform their duties under Shenzhen-Hong Kong Stock Connect and organize all parties to participate under the program in a standard manner. Securities companies (or brokers) must observe applicable regulatory requirements and operational rules, ensure that proper internal controls and risk management procedures are in place, and solidly conduct investor education and service to protect their legitimate interests and rights. Investors should be aware of the differences between the laws, regulations, rules and market practices in mainland China and Hong Kong and should take appropriate action to ensure compliance and manage their risks when investing through Shenzhen-Hong Kong Stock Connect.

All parties should make good use of the time before the official launch of Shenzhen-Hong Kong Stock Connect to make further and better preparations and ensure its successful operation.

[CSRC News](#) (Currently Only Available in Chinese)

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