

## China Securities Depository and Clearing Corporation Limited

Play an Interconnected Role of Financial Market Infrastructures  
Provide the Opening-up and Innovation of Capital Markets with Services

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Shanghai, China

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**Part 1. CSDC Provides Two-way Opening-up of Capital Market with Services**

**Part 2. The Experience and Conception of CSD Linkage**

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# Part 1. CSDC Provides Two-way Opening-up of Capital Market with Services

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## ❑ New Pattern of China's All-round Opening-up

- China's Opening-up Policy
- Two-way Opening-up of the Chinese Capital Markets
- The RMB is included in the SDR currency basket of the IMF.
- China A-shares is included into the MSCI emerging markets index.



# Part 1. CSDC Provides Two-way Opening-up of Capital Market with Services

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## □ Belt and Road Initiative

- **The Belt and Road initiative was proposed by President Xi Jinping in 2013.**

- Policy Communication
- Infrastructure Connectivity
- Unimpeded Trade
- Financial Integration
- People-to-people Bonds

一带一路经济走廊及其途经城市分布地势图



审图号: GS(2016)1764号

比例尺 (m) 1:100,000,000

国家测绘地理信息局 监制

# Part 1. CSDC Provides Two-way Opening-up of Capital Market with Services

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## ❑ Policy Support

The “Go out” Public Service Platform by Ministry of Commerce of P.R.C

The Establishment of Belt and Road (China) Arbitration Court

*Rules on the Stock Connect between Chinese Mainland and Hong Kong, CSRC*

*Provisional Rules for Administration of Hong Kong Mutually Recognized Funds, CSRC*

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**Part 1. CSDC Provides Two-way Opening-up of Capital Market with Services**

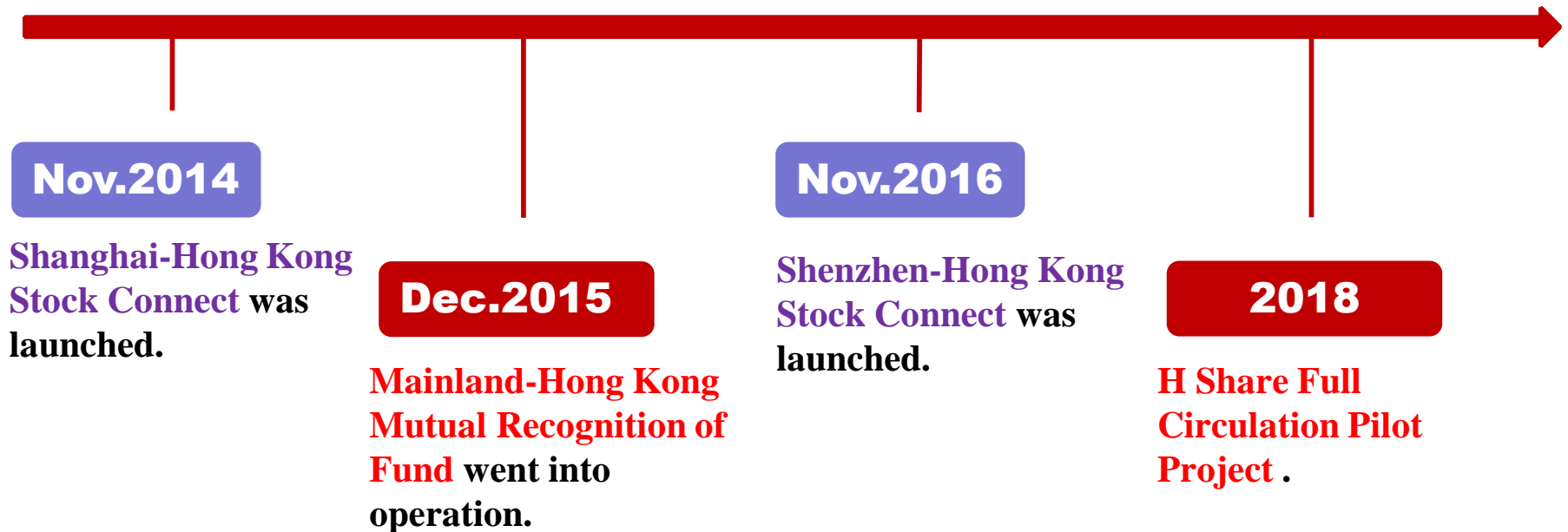
**Part 2. The Experience and Conception of CSD Linkage**

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### □ CSDC's Cross-border Linkage Experience

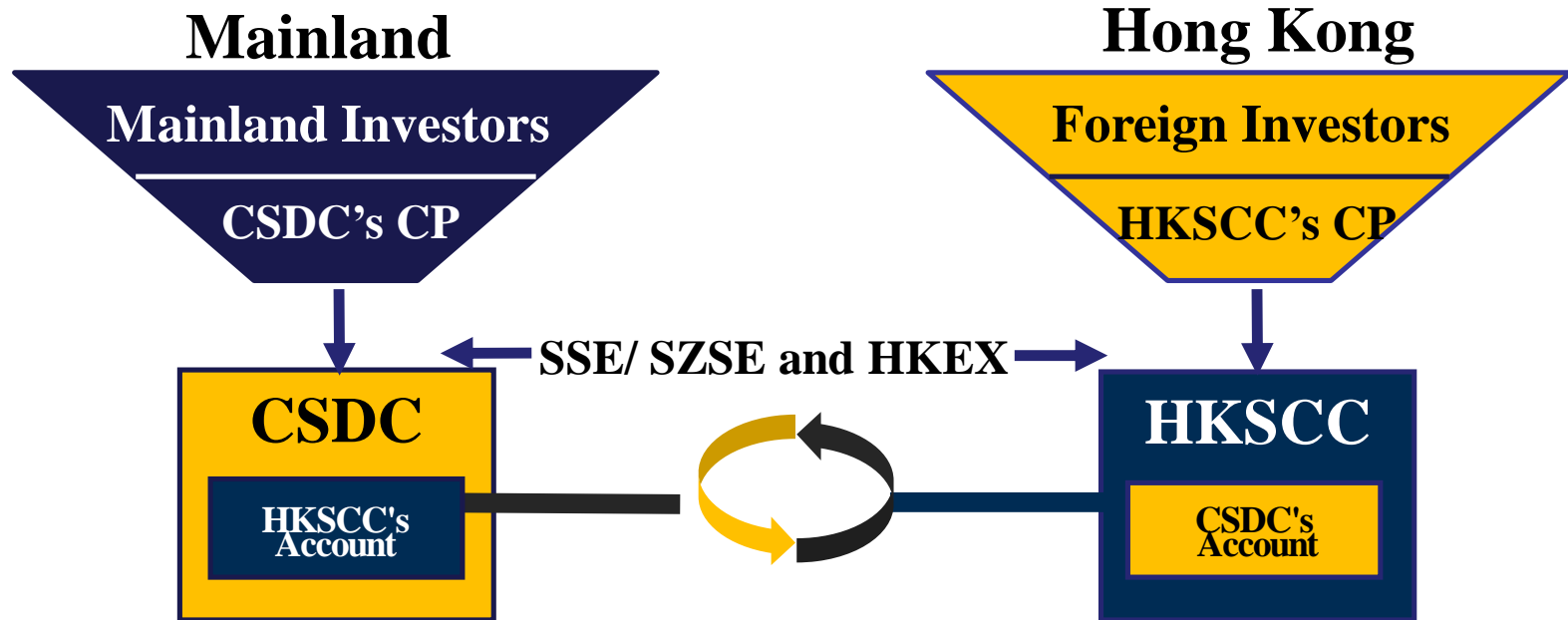
Shanghai / Shenzhen - HK Stock Connect, MRF, H Share Full Circulation Pilot Project



## Part 2. The Experience and Conception of CSD Linkage

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### □ Shanghai/ Shenzhen – Hong Kong Stock Connect : Link of Exchange and CSD



- Establishing CSD Link and CCP Link between CSDC and HKSCC.
- CSDC and HKSCC open securities account for each other and hold securities for investors as nominee, and open cash accounts for clearing or settlement.



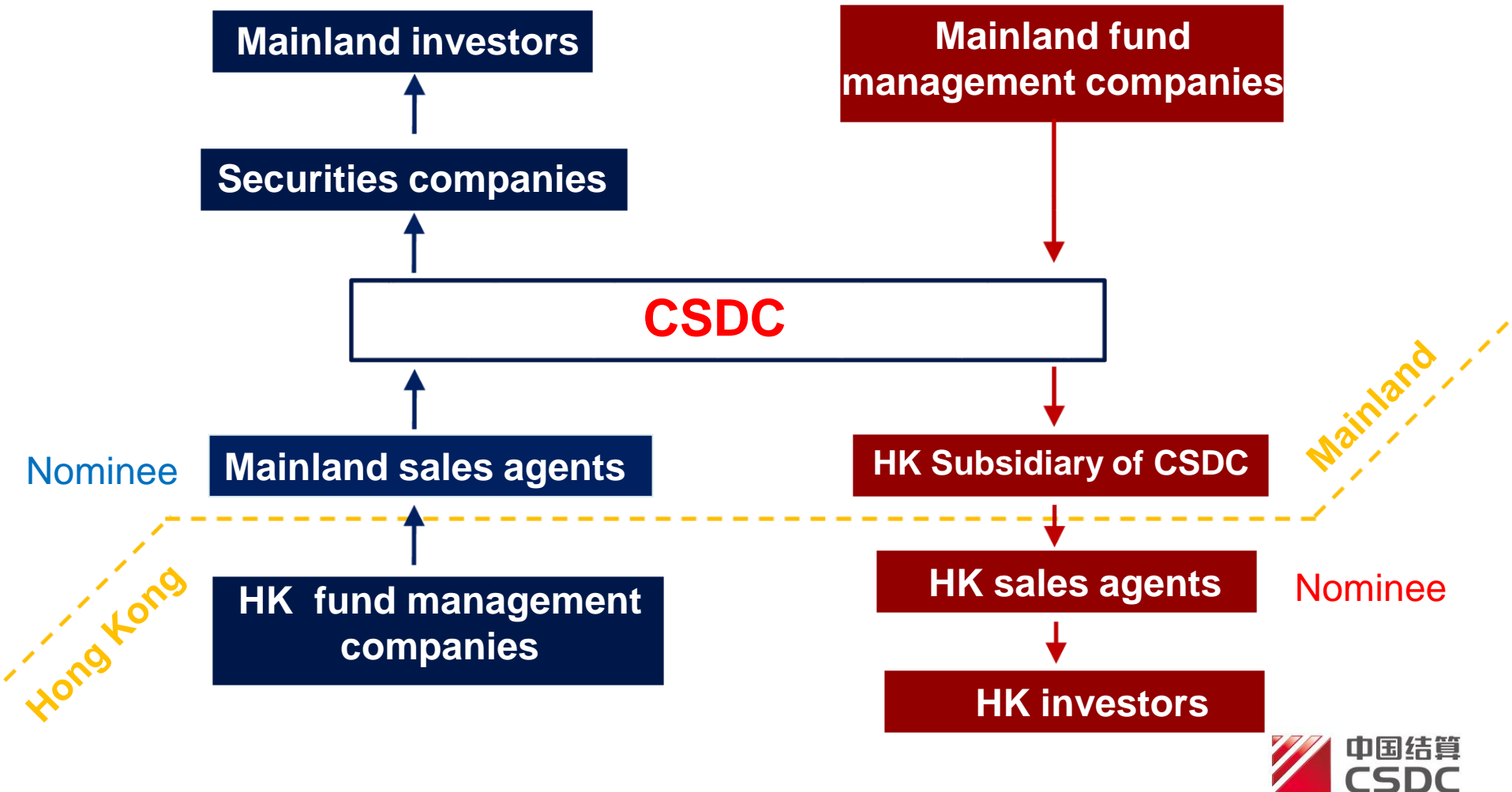
## Part 2. The Experience and Conception of CSD Linkage

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### □ Mainland-Hong Kong Mutual Recognition of Fund : Link of OTC

*HK fund distributed in mainland*

*Mainland fund distributed in HK*



## Part 2. The Experience and Conception of CSD Linkage

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### ❑ The Domestic List of Innovative Enterprises and Shanghai - London Stock Connect

- CSRC has been actively making preparations for the domestic list of innovative enterprises and Shanghai - London Stock Connect.
- The domestic list of innovative enterprises can use the mode of Depository Receipts. The Shanghai – London Stock Connect is being actively promoted.



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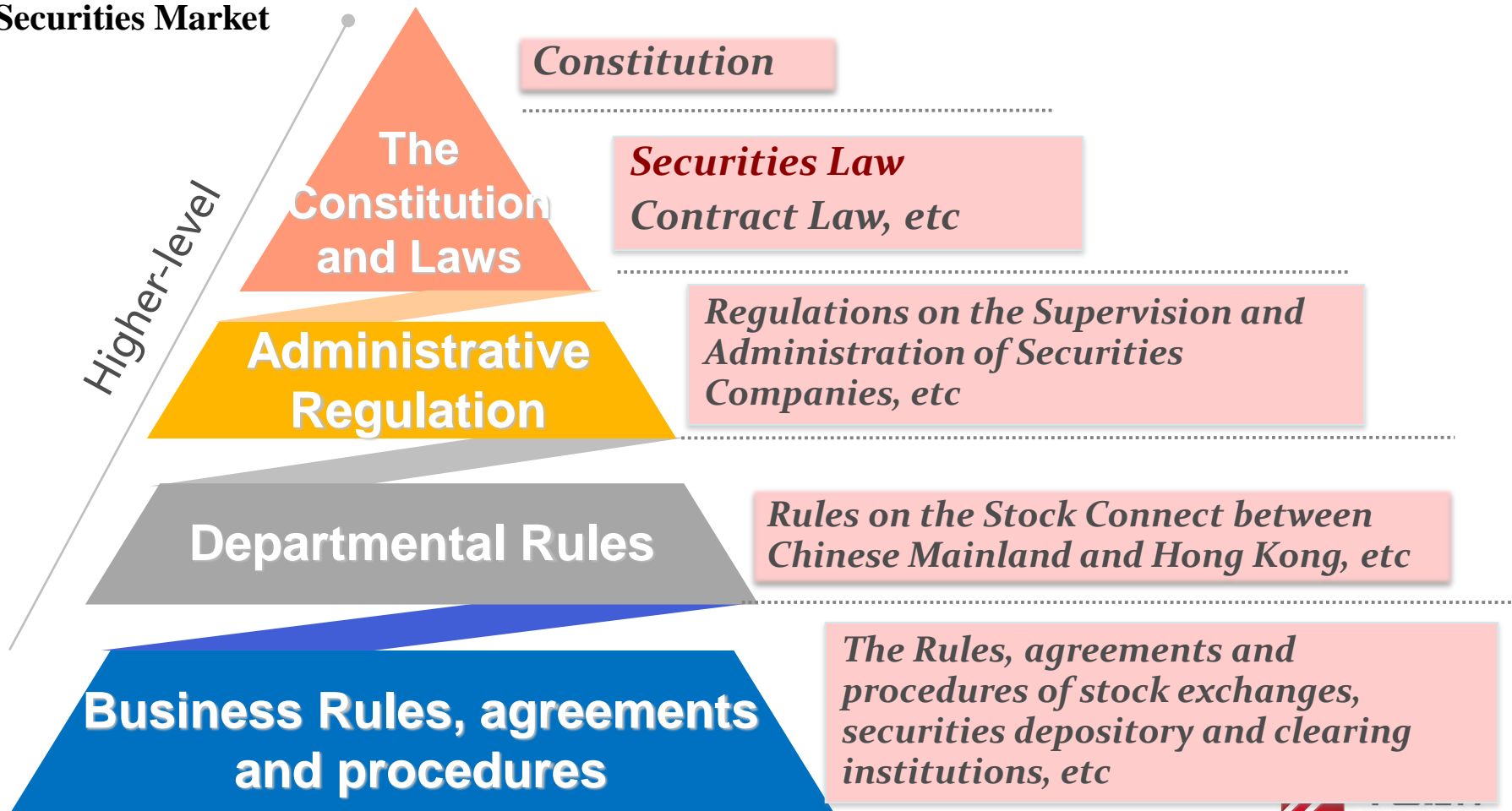
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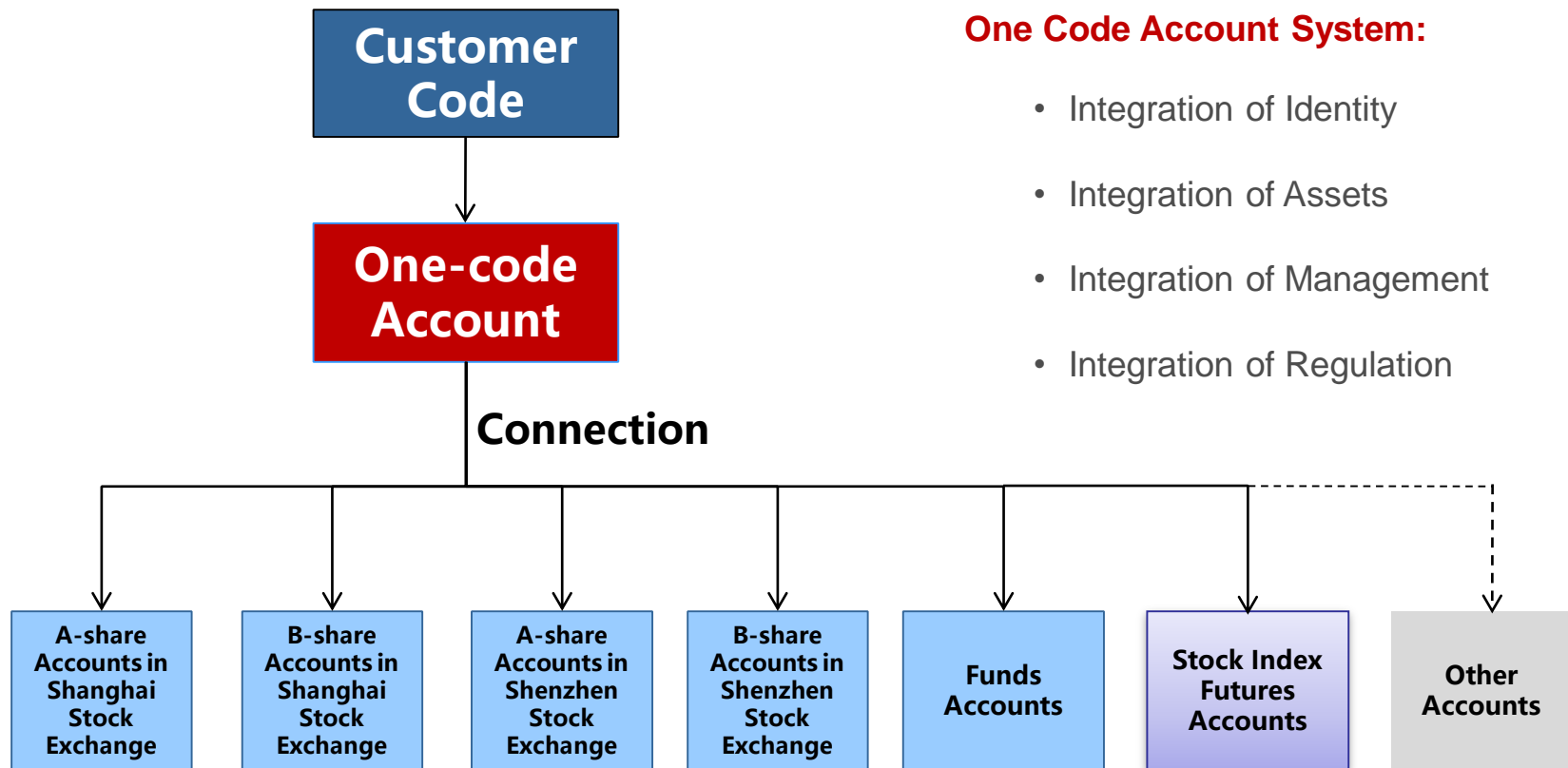
## ❑ The Establishment of a Robust Legal Framework

### China's Legal Framework

#### of Securities Market



## ❑ The Unified Account Platform and Indirect Holding Pattern



- The Chinese market adopts a direct holding system, with certain indirect holding exceptions.

## Part 3. Legal Affairs in Cross-border CSD Linkage and Cooperation

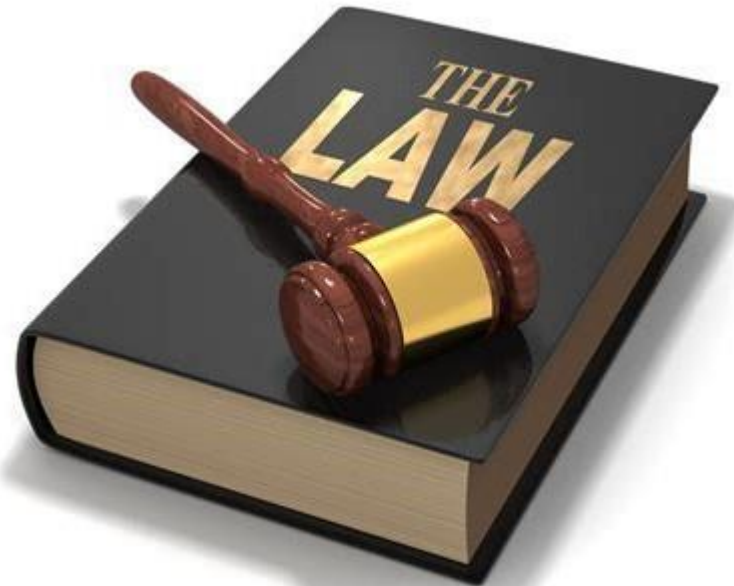
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- ❑ **Investor Protection: Equal Protection**
- ❑ **Support the Transmissive Surveillance**



## ❑ Jurisdiction and Law Application

- *lex loci actus*
- ***Rules on the Stock Connect between Chinese Mainland and Hong Kong,***  
Article 3:
  - The stock connect between Chinese Mainland and Hong Kong shall comply with the current trading settlement laws and regulations of the Mainland and Hong Kong.





### ❑ Cross-border Regulatory Cooperation

- CSRC has signed **Memorandum of Understanding** with nearly 60 overseas authorities regarding securities and futures regulatory cooperation;
- CSDC has signed **Memorandum of Understanding** with more than 10 overseas institutions of this industry;
- In Mainland – Hong Kong Stock Connect, CSRC and Hong Kong Securities and Futures Commission have established **cross – border supervisory cooperation mechanism** to deal with relevant cross- border violations of laws and regulations.

### ❑ Judicial Assistance

- As of February 2018, China has concluded **judicial assistance and extradition treaties** with 71 countries;
- China became a party of **Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958) (the “New York Convention”)** in 1986.



# Thank you!

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