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Mizuho Bank (China), Ltd.
Advisory Division

—Policy Issues for Pilot Free Trade Zones—

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People's Bank of China, Shanghai Municipal People's Government, etc., Announce New Policy on Financial Reforms for the Shanghai Free Trade Zone with a Focus on the Opening of and Growth Strategies for Financial Markets

On October 29, 2015, six government departments, including the People's Bank of China (PBOC), and the Shanghai Municipal People's Government issued the [Circular on the Printing and Distribution of the "Plan on Further Promoting a New Pilot for Financial Reform and Opening in the China \(Shanghai\) Pilot Free Trade Zone and Accelerating Construction of the Shanghai International Financial Center"](#) (hereinafter referred to as the "Plan"). The Plan summarizes the various policies on promoting further financial reform in the China (Shanghai) Pilot Free Trade Zone (hereinafter referred to as the "Shanghai FTZ"), **with a focus on the opening of and growth strategies for financial markets**. However, the Plan includes a substantial number of existing reform policies and leaves China watchers still awaiting the promulgation of the detailed implementation rules aimed at accomplishing these reforms.

□ **A joint issue by six government departments of State Council and the Shanghai Municipal Government**

On October 21, 2015, the Standing Committee of the State Council discussed and approved a package of policies to press ahead with financial reforms in the Shanghai FTZ. This package of policies puts forward five specific tasks, namely: (1) increased RMB capital account opening and expanded functions for free trade accounts; (2) the introduction of a policy allowing **qualified domestic individual investors to invest overseas** (so-called "QDII2") and the widening of inbound investment channels for offshore RMB; (3) the establishment of a fund for foreign equity investment; (4) the coordination of financial asset trading rules and mechanisms based on a review of China's experience with the **Shanghai-Hong Kong Stock Connect**¹; and (5) financial regulatory reform and the prevention and mitigation of systemic financial risk; and requests the relevant government departments to accelerate the formulation of the detailed implementation rules.

The Plan, having been officially announced following the State Council's decision, **summarizes some forty**

¹ The "Shanghai-Hong Kong Stock Connect" is a mutual market access program for investors in the Shanghai and Hong Kong stock markets and was officially launched on November 17, 2014.

financial reform policies in total for the Shanghai FTZ, **eighteen of which deal with the opening of and growth strategies for China's financial markets, including securities, futures, fund and insurance business, for both foreign and domestic investors** (see chart). The introduction of some of these forty policies has, however, already been articulated in the [*Opinions on Financial Measures to Support the China \(Shanghai\) Pilot Free Trade Zone*](#) (Yin Fa [2013] No. 244; hereinafter referred to as the "Opinions"), which were released by the PBOC on December 2, 2013, whilst the detailed implementation rules remain to be issued; in other words, many of the reforms would appear to have been shelved.

Policies on the Opening of Shanghai FTZ Financial Markets in the Plan

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| Realization of RMB capital account convertibility | <ul style="list-style-type: none"> (1) Expansion of free trade account functions (2) Development of foreign trade and investment activities through free trade accounts; development of innovative financial business utilizing free trade accounts by banking, securities, insurance financial institutions (3) Overseas investment by qualified domestic individual investors (including industrial investment, real estate investment and financial investment) (4) Permission or expansion of domestic and foreign investment in the securities and futures markets by eligible institutions and individuals (5) Creation of an overseas financing and capital flow management system within the macro-prudential regulatory framework (6) Higher ceilings on foreign currency conversion by individuals; foreign currency conversion within quotas for non-financial enterprises within the FTZ |
| Expanded cross-border use of RMB | <ul style="list-style-type: none"> (7) Issuing of RMB bonds (Panda bonds) in domestic markets by the overseas parent companies or subsidiaries of FTZ enterprises (8) Provision of RMB funding to the overseas business entities by individual industrial and commercial operators within the FTZ (9) Expanded range of domestic financial instruments as channels for the investment of offshore RMB |
| Opening of the financial service sector | <ul style="list-style-type: none"> (10) Access to the financial industry for private sector capital: commercial banks, financial lease companies, consumer finance companies, etc. (11) Participation in FTZ management by banking financial institutions: support to set up dedicated branches or subsidiaries as well as branches in the FTZ (12) Expanded number of pilot banks to engage in offshore banking and expansions to the business scope (13) Establishment of non-standard asset trading platforms for institutional investors (14) Cross-sector operation of securities and futures by securities and futures trading institutions within the FTZ (15) Establishment of index fund management subsidiaries by publicly funded management companies; expansion into cross-border investment through long-term funding (insurance, etc.) via securities and futures trading institutions (16) Expansion into cross-border brokerage and asset management business by securities and futures trading institutions, and a pilot program of offshore securities, futures and derivative trading; expansion into foreign exchange spot and derivatives trading on the interbank market by securities and futures trading institutions located in Shanghai (17) Establishment of an overseas equity investment project company and overseas equity investment fund (18) Establishment of joint-venture securities companies by foreign-invested financial institutions and expansions to the business scope (foreign investment in such joint-venture securities companies must not exceed 49%, but domestic shareholders need not be affiliated to a securities company); establishment of joint-venture securities investment consultancies by eligible foreign institutions (19) Establishment of insurance asset management companies and subsidiaries and an insurance asset management center; establishment of private funds (mezzanine funds, buyout funds, real estate funds, etc.) by insurance asset management institutions; foundation of asset securitization products by insurance asset management institutions and investment by insurance companies (20) Establishment of reinsurance institutions; establishment of new types of insurance organizations (captive insurance companies, mutual insurance companies, etc.); establishment of professional insurance service institutions (insurance brokers, insurance agencies, risk assessment, loss adjusters, etc.); expansion into cross-border RMB reinsurance and global receiving reinsurance business by FTZ insurance institutions |

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| Opening of the financial service sector | (21) Establishment of foreign-invested health insurance institutions; development of a shipping insurance product registration system; research into shipping insurance indices (22) Development of internet finance (23) Development of financial technology and a pilot program of linked investment and finance: linked investment and loan services based on strategic cooperation between banks with a focus on financial technology services and venture investment companies and/or equity investment companies (24) Development of cross-sector operation for the financial industry; establishment of financial holdings companies (25) Expansion of national security reviews of foreign investment within those sectors of finance that are open to foreign investment (26) Establishment of Shanghai-based regional headquarters by large financial institutions; establishment of representative offices or branches in Shanghai by the world's central banks and international financial organizations; establishment of an innovative subsidiary by the China Insurance Information Technology Management Limited Liability Company (27) Implementation of the "Go Out" (Outbound) strategy of overseas expansion by FTZ-registered financial institutions |
| Construction of financial markets that are globally open | (28) Construction of an international financial asset trading platform by the China Foreign Exchange Trade Center (CFETC). (29) Acceleration of follow-up construction by the International Board of the Shanghai Gold Exchange (30) Establishment of an international financial asset trading platform by the Shanghai Stock Exchange; participation in domestic new share issuance book building by foreign institutional investors (31) Accelerated construction of an international energy trading center by the Shanghai Futures Exchange: to encourage market listing of crude oil futures (32) Establishment of a Shanghai Insurance Exchange: construction of a reinsurance trading and pricing center (33) Provision of over-the-counter derivative clearing services for shipping finance and commodity products for FTZ and foreign investors by Shanghai Clearing House (34) Provision of integrated financial services to small and medium-sized science and technology companies registered in the FTZ by equity managed trading institutions |
| Regulation | (35-40) Strengthening of financial supervise and the prevention of financial risk, etc. |

(Complied by the China Advisory Division based on the Plan)

The Plan was formulated on the basis of a decision made the Standing Committee of the State Council in the names of six governmental departments, including China's banking, securities and insurance regulatory commissions, and the Shanghai Municipal Government, whilst the Opinions were independently released by the PBOC. This in essence means that the relevant government departments have reached a partial consensus on the financial reforms set forward in the Plan and thus that the work of formulating and issuing the detailed implementing rules that will enable these reforms to be put into practice can be expected to begin promptly.

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The original Chinese document of the Plan is presented below for further reference.

Naoki Tsukioka, Advisory Division, Mizuho Bank (China), Ltd.

(中国語原文)

中国人民银行 商务部 银监会 证监会 保监会 外汇局 上海市人民政府

**关于印发《进一步推进中国（上海）自由贸易试验区
金融开放创新试点 加快上海国际金融中心建设方案》的通知**

《进一步推进中国（上海）自由贸易试验区金融开放创新试点 加快上海国际金融中心建设方案》已经国务院同意，现予以印发，请认真贯彻执行。

中国人民银行 商务部
银监会 证监会
保监会 外汇局 上海市人民政府
2015 年 10 月 29 日

附件

**进一步推进中国（上海）自由贸易试验区
金融开放创新试点 加快上海国际金融中心建设方案**

为深入贯彻落实党中央、国务院决策部署，进一步推进中国（上海）自由贸易试验区（以下简称自贸试验区）金融开放创新试点，加快上海国际金融中心建设，制定本方案。

一、总体要求

贯彻落实党中央、国务院关于金融改革开放和自贸试验区建设的总体部署，紧紧围绕服务全国、面向世界的战略要求和上海国际金融中心建设的战略任务，坚持以服务实体经济、促进贸易和投资便利化出发点，根据积极稳妥、把握节奏、宏观审慎、风险可控原则，成熟一项、推进一项，加快推进资本项目可兑换、人民币跨境使用、金融服务业开放和建设面向国际的金融市场，不断完善金融监管，大力促进自贸试验区金融开放创新试点与上海国际金融中心建设的联动，探索新途径、积累新经验，及时总结评估、适时复制推广，更好地为全国深化金融改革和扩大金融开放服务。

二、率先实现人民币资本项目可兑换

按照统筹规划、服务实体、风险可控、分步推进原则，在自贸试验区内进行人民币资本项目可兑换的先行先试，逐步提高资本项下各项目可兑换程度。

- (一) 认真总结自由贸易账户经验。抓紧启动自由贸易账户本外币一体化各项业务，进一步拓展自由贸易账户功能。自由贸易账户内本外币资金按宏观审慎的可兑换原则管理。
- (二) 规范自由贸易账户开立和使用条件，严格落实银行账户实名制。支持经济主体可通过自由贸易账户开展涉外贸易投资活动，鼓励和支持银行、证券、保险类金融机构利用自由贸易账户等开展金融创新业务，允许证券、期货交易所和结算机构围绕自由贸易账户体系，充分利用自由贸易账户间的电子信息流和资金流，研究改革创新举措。
- (三) 研究启动合格境内个人投资者境外投资试点，适时出台相关实施细则，允许符合条件的个人开展境外实业投资、不动产投资和金融类投资。
- (四) 抓紧制定有关办法，允许或扩大符合条件的机构和个人在境内外证券期货市场投资，尽快明确在境内证券期货市场投资的跨境资金流动管理方式，研究探索通过自由贸易账户等支持资本市场开放，适时启动试点。
- (五) 建立健全自贸试验区内宏观审慎管理框架下的境外融资和资本流动管理体系，综合考虑资产负债币种、期限等匹配情况以及外债管理和货币政策调控需要，合理调控境外融资规模和投向，优化境外融资结构，防范境外融资风险。
- (六) 创新外汇管理体制，探索在自贸试验区内开展限额内可兑换试点。围绕自贸试验区和上海国际金融中心建设目标，进一步创新外汇管理体制。放宽跨境资本流动限制，健全外汇资金均衡管理体制。统筹研究进一步扩大个人可兑换限额。根据主体监管原则，在自贸试验区内实现非金融企业限额内可兑换。逐步扩大本外币兑换限额，率先实现可兑换。

三、进一步扩大人民币跨境使用

扩大人民币境外使用范围，推进贸易、实业投资与金融投资三者并重，推动资本和人民币“走出去”。

- (七) 完善相关制度规则，支持自贸试验区内企业的境外母公司或子公司在境内发行人民币债券，募集资金根据需要在境内外使用。
- (八) 在建立健全相关管理制度的基础上，根据市场需要启动自贸试验区个体工商户向其在境外经营主体提供跨境人民币资金支持。
- (九) 拓宽境外人民币投资回流渠道。创新面向国际的人民币金融产品，扩大境外人民币境内投资金融产品的范围，促进人民币资金跨境双向流动。

四、不断扩大金融服务业对内对外开放

探索市场准入负面清单制度，开展相关改革试点工作。对接国际高标准经贸规则，探索金融服务业对外资实行准入前国民待遇加负面清单管理模式。推动金融服务业对符合条件的民营资本和外资机构扩大开放。

- （十）支持民营资本进入金融业，支持符合条件的民营资本依法设立民营银行、金融租赁公司、财务公司、汽车金融公司和消费金融公司等金融机构。
- （十一）支持各类符合条件的银行业金融机构通过新设法人机构、分支机构、专营机构、专业子公司等方式进入自贸试验区经营。
- （十二）支持具有离岸业务资格的商业银行在自贸试验区内扩大相关离岸业务。在对现行试点进行风险评估基础上，适时扩大试点银行和业务范围。
- （十三）支持在自贸试验区内按照国家规定设立面向机构投资者的非标资产交易平台。
- （十四）允许自贸试验区内证券期货经营机构开展证券期货业务交叉持牌试点。
- （十五）允许公募基金管理公司在自贸试验区设立专门从事指数基金管理业务的专业子公司。支持保险资金等长期资金在符合规定前提下委托证券期货经营机构在自贸试验区内开展跨境投资。
- （十六）支持证券期货经营机构在自贸试验区率先开展跨境经纪和跨境资产管理业务，开展证券期货经营机构参与境外证券期货和衍生品交易试点。允许基金管理公司子公司开展跨境资产管理、境外投资顾问等业务。支持上海证券期货经营机构进入银行间外汇市场，开展人民币对外汇即期业务和衍生品交易。
- （十七）支持在自贸试验区设立专业从事境外股权投资的项目公司，支持符合条件的投资者设立境外股权投资基金。
- （十八）允许外资金融机构在自贸试验区内设立合资证券公司，外资持股比例不超过 49%，内资股东不要求为证券公司，扩大合资证券公司业务范围。允许符合条件的外资机构在自贸试验区内设立合资证券投资咨询公司。
- （十九）支持在自贸试验区设立保险资产管理公司及子公司、保险资金运用中心。支持保险资产管理

机构设立夹层基金、并购基金、不动产基金、养老产业基金、健康产业基金等私募基金。支持保险资产管理公司发起、保险公司投资资产证券化产品。依托金融要素市场研究巨灾债券试点。

- (二十)** 完善再保险产业链。支持在自贸试验区设立中外资再保险机构，设立自保公司、相互制保险公司等新型保险组织，以及设立为保险业发展提供配套服务的保险经纪、保险代理、风险评估、损失理算、法律咨询等专业性保险服务机构。支持自贸试验区内保险机构大力开展跨境人民币再保险和全球保单分入业务。鼓励各类保险机构为我国海外企业提供风险保障，在自贸试验区创新特殊风险分散机制，开展能源、航空航天等特殊风险保险业务，推动国际资本为国内巨灾保险、特殊风险保险提供再保险支持。
- (二十一)** 在现行法律框架下，支持设立外资健康保险机构。探索建立航运保险产品注册制度。研究推出航运保险指数。
- (二十二)** 在风险可控前提下支持互联网金融在自贸试验区创新发展。
- (二十三)** 支持科技金融发展，探索投贷联动试点，促进创新创业。在风险可控和依法合规前提下，允许浦发硅谷银行等以科技金融服务为特点的银行与创业投资企业、股权投资企业战略合作，探索投贷联动，地方人民政府给予必要扶持。
- (二十四)** 在防范风险前提下，研究探索开展金融业综合经营，探索设立金融控股公司。
- (二十五)** 在自贸试验区内金融开放领域试点开展涉及外资的国家安全审查。支持与我国签署自由贸易协定的国家或地区金融机构率先在自贸试验区内设立合资金融机构，逐步提高持股比例。在内地与港澳、大陆与台湾有关经贸合作协议框架下，提高港澳台地区服务提供者在自贸试验区内参股金融机构的持股比例。
- (二十六)** 集聚和发展银行、证券、保险等行业的各类功能性金融机构。支持大型金融机构在上海设立业务总部。支持境外中央银行和国际金融组织在沪设立代表处或分支机构，吸引符合条件的国际知名银行、证券、保险公司等金融机构在沪设立分支机构、功能型机构以及成立合资机构。支持中国保险信息技术管理有限责任公司在上海设立创新型子公司。
- (二十七)** 支持在自贸试验区按国家有关规定设立法人金融机构，实施“走出去”战略，加快海外网点布局，拓展海外市场。

五、加快建设面向国际的金融市场

依托自贸试验区金融制度创新和对外开放优势，充分发挥人民银行上海总部统筹协调功能，推进面向国际的金融市场平台建设，拓宽境外投资者参与境内金融市场的渠道，提升金融市场配置境内外资源的功能。

（二十八） 支持中国外汇交易中心建设国际金融资产交易平台，增强平台服务功能。

（二十九） 加快上海黄金交易所国际业务板块后续建设，便利投资者交易。

（三十） 支持上海证券交易所在自贸试验区设立国际金融资产交易平台，有序引入境外长期资金逐步参与境内股票、债券、基金等市场，探索引入境外机构投资者参与境内新股发行询价配售。支持上海证券交易所在总结沪港通经验基础上，适应境内外投资者需求，完善交易规则和交易机制。

（三十一） 支持上海期货交易所加快国际能源交易中心建设，尽快上市原油期货。积极推进天然气、船用燃料油、成品油等期货产品研究工作。允许符合条件的境外机构在自贸试验区试点设立独资或者合资的期货市场服务机构，接受境外交易者委托参与境内特定品种期货交易。

（三十二） 支持设立上海保险交易所，推动形成再保险交易、定价中心。

（三十三） 支持上海清算所向自贸试验区内和境外投资者提供航运金融和大宗商品场外衍生品的清算等服务。

（三十四） 支持股权托管交易机构依法为自贸试验区内的科技型中小企业等提供综合金融服务，吸引境外投资者参与。

六、不断加强金融监管，切实防范风险

建立适应自贸试验区发展和上海国际金融中心建设联动的金融监管机制，加强金融风险防范，营造良好金融发展环境。

（三十五） 完善金融监管体制。探索建立符合国际规则、适应中国国情的金融监管框架。精简行政审批项目，简化事前准入事项，加强事中事后分析评估和事后备案管理。加强金融信用信息基础设施建设和推动信用信息共建共享，构建与国际接轨的统计、监测体系。加大对金融失信行为和市场违规行为惩戒力度。

- (三十六) 支持人民银行和外汇局加强自贸试验区金融监管服务能力建设，探索本外币一体化监管体系。创新外汇账户管理体系。整合外汇账户种类，优化监管方式，提升监管效率。
- (三十七) 加强自贸试验区金融监管协调，探索功能监管。进一步发挥自贸试验区金融协调机制作用，加强跨部门、跨行业、跨市场金融业务监管协调和信息共享。研究探索中央和地方金融监管协调新机制。支持国家金融管理部门研究探索将部分贴近市场、便利产品创新的监管职能下放至在沪金融监管机构和金融市场组织机构。
- (三十八) 加强金融风险防范。完善跨境资金流动的监测分析机制，加强反洗钱、反恐怖融资和反逃税工作机制。针对金融机构跨行业、跨市场、跨境发展特点，掌握金融开放主动权，建立和完善系统性风险预警、防范和化解体系，守住不发生系统性、区域性金融风险底线。
- (三十九) 积极完善金融发展环境。上海市人民政府会同有关部门研究制定进一步完善金融信用制度建设等方案。
- (四十) 试点措施与行政法规、国务院文件、国务院批准的部门规章等规定不一致的，依照程序提请国务院作出调整实施决定。

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