



**Activity Title and Number:** EU-China Seminar on Development and Supervision of Derivatives Market; A344-C1

**Beneficiary:** China Securities Regulatory Commission (CSRC)

**Location and Date:** Shanghai; 26-27 June 2014

**Stakeholders:** China Financial Futures Exchange, Shanghai Stock Exchange, Securities Association of China, China Securities Depository & Clearing Corporation Limited, China Futures Association, China Futures Margin Monitoring Centre

## Relevance and Impact

China's capital market has developed rapidly in recent years, but still appears comparatively immature on the international stage. In December 2013 CSRC announced that in order to reform China's capital market it would, amongst other measures, develop futures and financial derivatives markets. Derivatives play an important role in the economy but also carry certain risks. The global financial crisis has highlighted that these risks are not sufficiently mitigated in the over-the-counter (OTC) part of the market. Since the beginning of the financial crisis, the European Commission has been working to address these risks through the implementation of a series of directives and regulations such as the European market infrastructure regulation (EMIR).

To assist Chinese officials in the drafting of future and financial derivatives regulations, EUCTPII organised a seminar on the development and supervision of derivatives market in Shanghai for officials from CSRC and from various stock exchanges throughout China. The seminar aimed at informing the development of China's OTC derivatives and options markets by drawing on European experience.

## Activity Description

Around 80 participants from CSRC, the Financial and Economic Committee of National People's Congress, the People's Bank of China and various futures and commodities exchanges attended the seminar. It provided the audience with a variety of industry perspectives: regulators, traders, stock exchanges. A French official from the Autorité des marchés financiers shared European Union regulatory expertise on OTC and listed derivatives contracts in the context of the revised EU Markets in Financial Instruments Directive (MiFID) and Regulation (MiFIR). A derivatives trader from Deutsche Bank and a representative from Bloomberg gave an overview of OTC derivatives markets from the European Union and US trading perspectives, respectively. A representative from the London Clearing House provided the audience with concrete and practical advice on Europe's OTC & Listed Derivatives market central clearing. All presentations were followed by extensive Q&As between the Chinese delegates and the speakers.

## Results and Dissemination

- ✓ Provided Chinese regulators and traders with a reference framework on the latest developments in the field of OTC derivatives supervision and legislation in the European Union for the drafting of China's legislation on futures and financial derivatives;
- ✓ Provided a platform for Chinese regulators and industry experts and their European counterparts to discuss practical issues linked to OTC and listed derivatives from a regulatory and industry perspective.