



Activity Title and Number: Study Assignment on the Development and Regulation of OTC Derivatives Market in the EU; A414-C1

Beneficiary: China Securities Regulatory Commission (CSRC)

Location and Date: France, Belgium, Germany; Greece, Spain, Italy; 24 June-2 July 2015

Stakeholders: DG FISMA, Autorité de Marchés Financiers, Euronext, Louis Dreyfus, BAFIN, Commerzbank, Deutsche Borse Group

Brief Activity Report

Relevance and Impact

Since the beginning of the financial crisis, regulators around the world have been paying more attention to the risks when developing derivatives business including the over-the-counter (OTC) part of the market. 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). Although China's capital market has developed rapidly in recent years, it still appears comparatively immature on the international stage, in particular, with respects to OTC derivatives market. CSRC is currently working on a series of measures to develop a multi-layered capital market, including building an OTC derivatives market. Drawing upon a successful seminar held in June 2014, EUCPT II organised a study assignment to Europe for China's securities regulators to deepen their understanding of Europe's best practices in developing and regulating its OTC derivatives market.

Activity Description

Six delegates from the CSRC and stock exchanges led by Mr. XIONG Jun, Deputy Director General of Department of Futures Supervision, took part in the study assignment. The delegation had meetings with the European Commission, member states regulators, stock exchanges and banks.

From these meetings, the Chinese officials understood the crucial areas to take into consideration in order to set up a flexible, efficient and secure regulatory framework which could facilitate the further development of China's OTC derivatives market. The key elements are: (i) focus on central clearing, market transparency and deregulation; (ii) strengthen international cooperation; and (iii) interconnectedness of the derivatives market.



Chinese officials at the European Commission

Results and Dissemination

The knowledge and information gathered during the study assignment will:

- Influence China's future policy-making and practices in the field of OTC derivatives;
- Contribute to reinforce the effectiveness of China's futures market supervision;
- Strengthen cooperation between European and Chinese stakeholders in the area of OTC derivatives.