

## China Further Opens Up Its Financial Sector to Foreign Investors

---

### Shanghai Takes the Lead

May 25, 2018

China announced new policies to further open its financial sector to foreign investors in November 2017, and has recently updated its timetable to implement these policies. On April 10, 2018, President Xi Jinping made a keynote speech at the opening ceremony of the Boao Forum for Asia Annual Conference 2018 in which he further strengthened China's commitment to significantly easing market access to China's financial sector. The next day, the Governor of the People's Bank of China, Yi Gang, presented multiple measures for further opening up the financial sector and the timeline to do so.

The table below summarizes the opening-up measures for foreign investors and business scope in each relevant financial sector. Governor Yi Gang has stated that relevant government departments are currently formulating new regulations and amendments to existing laws and regulations to promulgate the measures ahead of the timeline shown below, and some of the new regulations have already been issued and are currently effective. We will continue to monitor the progress of the opening-up of the financial sector and provide further analysis once the updated laws and regulations are finalized and implemented.

As the financial center of China, the Shanghai government has required local financial authorities to foretaste the measures presented by Governor Yi Gang. On May 13, 2018, the Shanghai government announced that they would carry out foretaste in the following six areas:

1. Expanding the banking industry to foreign investment, such as supporting foreign banks to set up branches and sub-branches in Shanghai, supporting commercial banks to set up financial property investment companies and financial management companies without restriction to the foreign positions, and supporting foreign banks to carry out agency business, etc.
2. Expanding the opening of securities industry to foreign investment, such as supporting the establishment of foreign-invested securities companies, fund companies and futures companies in Shanghai which will also be allowed to carry out brokerage and consulting business.
3. Expanding the opening of insurance industry to foreign investment, such as expanding the business scope of the existed foreign-invested insurance companies to cover brokerage and assessment business.
4. Expanding the opening of financial market, such as supporting the overseas investors to participate in Shanghai securities market and supporting the issuance of China depositary receipt by the innovative enterprises overseas.
5. Expanding the function of FT account and its range of application. FT account refers to a unified foreign currency account set up for the client in the Shanghai Free Trade Zone. The FT account works between the Free Trade Zone and the offshore market, facilitating cross-border investment and foreign exchange.
6. Liberalizing market access to bank card liquidation agency and non-banking payment institution.

## Continued

---

According to the Shanghai Financial Office, several large international financial institutions have already submitted applications to set up entities in Shanghai in accordance with these new regulations. For example, J.P. Morgan has submitted an application to set up a foreign-invested securities company in Shanghai, and Allianz has applied to set up an insurance group company in Shanghai.

We will keep you updated as this situation develops. For more information, please contact Tom Appleman at (248) 267-3241 or [appleman@millercanfield.com](mailto:appleman@millercanfield.com); or Yanping Wang at 8621-2221-2199 or 86-13917544176 or [wangy@millercanfield.com](mailto:wangy@millercanfield.com); or Mona Xie at 8621-2221-2222 or [xiem@millercanfield.com](mailto:xiem@millercanfield.com).