



ASIFMA/SIFMA: The Globalization of China's Markets

October 18, 2016

Remarks as prepared for delivery

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Good morning. I am Ken Bentsen, president and CEO of SIFMA and chairman of the Engage China Coalition, a group of 12 U.S. financial trade associations focused on supporting U.S. and China financial policy relations. I want to thank you all for joining us at the SIFMA Conference Center today as we discuss recent key market developments in China. SIFMA is pleased to be co-hosting this event with our sister trade association based in Hong Kong, the Asia Securities and Financial Markets Association, or ASIFMA.

I would like to welcome at the outset our two distinguished keynote speakers: Bo Que, Executive Vice President, Shanghai Stock Exchange; and Zijuan Cao, Deputy Secretary General, National Association of Financial Market Institutional Investors. Thank you for being here today to share your views with us.

Before we begin, I would like to extend my thanks to the sponsors of today's event: HSBC, Moody's, S&P Global and Caia. We appreciate your support. I would also like to thank my colleagues at ASIFMA and SIFMA for their collaborative work in planning this event.

Today's program was developed to foster discussion on enhancing and increasing investment and equity ownership opportunity in China. I believe this is critical to sustaining long term economic growth as China continues to develop and reform its financial markets.



Indeed, enhancing our economic relationship with China is clearly important, as China is the third largest export market for U.S. goods, behind Canada and Mexico, and is the leading export market for 5 out of 50 U.S. states. The U.S. imports more goods from China than from any other country, as do 22 out of 50 U.S. states. The U.S. is the sixth largest direct foreign investor in China; China is the 19th largest direct foreign investor in the U.S, but is the largest investor among BRICS countries. China is also the top holder of U.S. Treasury and U.S. agency securities.

In light of the growing U.S.-China economic ties, and as part of the longer-term development and reform of China's capital markets, SIFMA, along with my fellow trade associations that make up Engage China, has been actively engaged in promoting a strong U.S.-China Bilateral Investment Treaty, or BIT, with China and we will continue to work towards ambitious financial services provisions as part of that negotiation.

As policy makers and market participants work towards the development of capital markets in Asia critical to funding long term economic growth, we also need to focus on the internationalization of China's currency and the implications of those changes for market participants and the global economy. Our first panel today will focus on the ways in which RMB internationalization continues to accelerate with RMB use growing in both cross-border trade and investment even as the pace has slowed due to the recent volatility in Chinese markets.

A second panel will discuss a greater opening of the fixed income markets, including the opening up of an onshore interbank bond market for central banks, SWFs, and multilaterals and the creation of the China Interbank Bond Market program to improve access for bond investors.

Finally, we will learn more about Shanghai-Hong Kong Stock Connect and the ways in which it is changing Chinese markets, allowing open access to China's largest exchange for the first time. Soon the Shenzhen Stock Exchange, home to many more small, dynamic companies, will



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become part of the structure. This panel will examine the Stock Connect phenomenon, how it's structured, who gets access, and how it works.

With that, I thank you again for your participation in this conference, and now it is my pleasure to welcome Mark Austen, the CEO of ASIFMA. Since being named as CEO in 2012, Mark has led the expansion of the association to encompass Equities, Compliance, Post-Trade and Asset Management in addition to its original division for Fixed Income, and its membership has grown to over 80 firms. Mark was formerly the chief operating officer of the Association for Financial Markets in Europe or AFME, and previously head of their Capital Markets Division and served as its Acting Chief Executive from December 2009 to September 2010. Mark joined AFME in 2005 to head up the European Primary Dealers Association, which addressed issues of specific interest to government bond markets. Prior to joining AFME, Mark worked for MTS Group, the European trading platform for fixed income securities, where he was head of Legal and Compliance. And, most recently, Mark was appointed the CEO of the Global Financial Markets Association, the global advocacy platform of ASIFMA, AFME and SIFMA.

Please join me in welcoming Mark.