



*A Greater Gateway to*  
**China**

**GETTING FASTER, EASIER AND MORE  
EFFICIENT ACCESS**



**ASSET SERVICING**

# Be part of the growth story

China's capital markets offer an unprecedented investment opportunity that forward-thinking institutions can access more quickly and effectively than ever before.

Whether you are an asset owner or an asset manager new to the market or already invested, we enable you to focus on your competitive edge while we navigate China's complex, evolving market landscape for you.

This means we tackle the day-to-day operational challenges, so you can focus on executing your strategy. From market entry requirements and time zone differences, to short settlement cycles, FX restrictions and regulatory reforms – we leverage our far-reaching experience in partnering with you on these issues, while you focus on your investment and business goals.



# Market Entry

Although rapid reforms have made it easier for global investors to access China equity and bond markets, there is still an extensive web of applications, documentation and approvals that requires a significant amount of time and dedication.

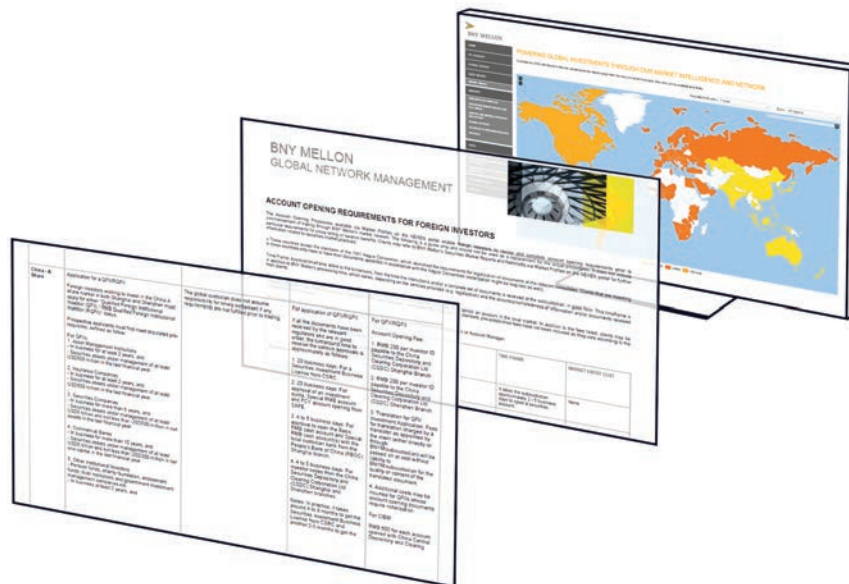
*BNY Mellon can expedite your account opening process*

## FAST AND SIMPLE ACCOUNT OPENING

The registration and administration processes across each of China access schemes remains complex. Our dedicated Global Client Activation Team located in Singapore, Manchester and Pittsburgh is dedicated to helping clients meet the various requirements and challenges.

We have also created a useful reference tool via the Market Profiles section of our online portal. This provides the latest account opening procedures, documentation guidelines and timeframes to keep clients informed about market entry processes.

### BNY Mellon's Online Portal: Global Network Publications





## *BNY Mellon can help you deepen your understanding of China*

### **MARKET INTELLIGENCE AND LOCAL EXPERTISE**

China's fast-paced market reforms are part of a multi-year plan to:

- expand asset classes and hedging tools
- streamline the access schemes and accelerate applications
- liberalize FX
- ease repatriation

Clients need to be able to adapt quickly to ongoing changes by analyzing and understanding the impact for their business.

To keep clients abreast of the latest market developments, BNY Mellon issues relevant updates with impact analysis within 24 hours from key announcements. We publish a quarterly network report on our online portal, summarizing market changes and what any disruption means for our clients.

#### **Sources of Market Information**



We collaborate with industry leaders to share expertise and insights via regular webcasts and forward-looking thought leadership. As a trusted global service provider, we are uniquely positioned to act as a bridge between international clients and domestic regulators. We advocate on your behalf in China to drive best practice amid efforts to increase the attractiveness of the country's capital markets.

With market experts in Shanghai, Singapore, Brussels and New York, we can explain the potential implications of China's reforms for your investments. This enables you to select the optimal service model for your specific current and future needs in FX/funding and settlement.

# Trade Execution

Operational challenges arise from the short settlement cycle in China, along with the counterparty risk due to time lags between settlement of cash and securities.

*BNY Mellon can help you trade in China A-Shares<sup>1</sup>, in any time zone, with minimal counterparty and operational risk*

## **STREAMLINE POST-TRADE PROCESSES. SUPPORT IN LOCAL TIME ZONES**

Our execution-to-custody service allows clients to place Stock Connect orders during their own time zone yet still meet the same day (T+0) simultaneous and irrevocable cash and securities settlement. Upon trade execution, settlement instructions are issued by Pershing LLC<sup>2</sup> and FX via BNY Mellon standing instructions.

This front-to-back integration not only allows clients to trade in China A-Shares, but also eases their operational challenges.

<sup>1</sup> Through one of its group entities, Pershing LLC. Please note that brokerage service(s) are not provided or endorsed by BNY Mellon, and BNY Mellon does not take responsibility for brokerage or other services provided by Pershing LLC or any other broker.

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# Trade Settlement

Every global investor has a unique operating model, and their strategies and business requirements differ. “One size fits all” does not work in China.

*BNY Mellon provides multiple Stock Connect service models to meet different business needs*

## **FLEXIBLE AND ADAPTIVE CUSTODY SOLUTIONS**

We have developed end-to-end solutions to offer seamless processing and execution capabilities across various time zones. These Special Segregated Account (SPSA) service models – SPSA In-control, Single-Sided and Pershing – aim to meet clients’ varying business needs while striving to ensure they are resilient to risk and have effective control management in place to protect assets.

### **BNY Mellon Stock Connect Service Models**

<b>SPSA IN-CONTROL SETTLEMENT</b>	<b>SPSA SINGLE-SIDED SETTLEMENT FOR DVP ONLY</b>	<b>SPSA PLUS VIA PERSHING LLC</b>
Delivery and Receipt versus Payment (DvP/RvP) are dependent on client settlement instruction to settle in the market	DvP settlement relying solely on broker’s trade pending against client’s SPSA account RvP settlement dependent on client settlement instruction to the sub-custodian via BNY Mellon	Execution-to-custody solution jointly offered by BNY Mellon Asset Servicing and Pershing LLC where settlement is based on Pershing LLC instruction

*BNY Mellon’s open platform can help you access sufficient funding and avoid settlement failure*

## **MORE TRANSPARENCY. TIMELY TRADE MANAGEMENT**

China does not permit failed trades within its A-Shares market; and in the domestic bond market, any failed trades must be reported to both the regulator and the central depository.

The delivery of integrated front-to-back Order Management System (OMS) capabilities via our strategic alliances allow clients to mitigate these risks by accessing near real-time securities and cash holdings. This minimizes barriers between the front-line and the processing of trade flows. Along with the BNY Mellon Custody Transaction widgets, the outcomes are:

- Quicker and easier information on possible failed trades
- No need to toggle between screens and multiple logins
- No need for calls or emails to obtain additional details - clients get full details on reasons for failure

# FX and Collateral Services

The FX landscape in China is complex due to the different FX and funding models and processes across the access schemes.

## China's Access Schemes in Comparison

	QFII	RQFII	Stock Connect	Direct Route	Bond Connect
FX CONVERSION	<b>Onshore market only</b> Onshore CNY via local custodian	<b>Offshore market</b> - Offshore CNY (CNH) - Onshore CNY via approved RMB participating bank/ Clearing Bank (under the PBOC regulation 159)	Offshore CNY (CNH)	<b>Onshore market</b> Onshore CNY - Foreign central banks and sovereign entities via CIFXM - Other Institutional investors via local custodian  <b>Offshore market</b> - Onshore CNY via approved RMB participating bank/ Clearing Bank (under the PBOC regulation 159) - Offshore CNY (CNH)  If FX is executed in onshore and offshore market, amount cannot exceed 110% of the accumulated inward remittance	- Offshore CNY (CNH) - Onshore CNY through one designated settlement bank.
FX HEDGING	Onshore hedging via local custodian or 3 <sup>rd</sup> party agent	<b>Onshore Market</b> Onshore CNY via local custodian or 3 <sup>rd</sup> party agent (net settlement)  <b>Offshore Market</b> - Offshore CNY (CNH) via any licensed banks - Onshore CNY via RMB clearing bank/RMB participating bank (under PBOC regulation 159)	Offshore CNY (CNH) via any licensed banks	<b>Onshore Market</b> Onshore CNY A. Non-bank institutional investors - CIFXM under Prime Brokerage Model - any eligible party (up to 3) in OTC market B. Banks: - CIFXM directly - CIFXM under Prime Brokerage Model - any eligible party (up to 3) in OTC market C. Foreign central banks and sovereign entities - CIFXM directly  <b>Offshore Market</b> - Offshore CNY (CNH) via any licensed banks - Onshore CNY via RMB Clearing Bank/RMB participating bank (under PBOC regulation 159)	Onshore CNY via FX Settlement Bank or RMB clearing bank/RMB participating bank (under PBOC regulation 159)  Offshore CNY (CNH) via any licensed banks

*BNY Mellon provides multiple FX capabilities to suit your business needs*

### DIRECT MARKET EXPERIENCE. ACCESS TO A MORE LIQUID MARKET

We offer CNY FX solutions globally across all China access schemes via our FX Program Trading desks and our Negotiated FX Sales desks in Asia Pacific, London and New York.

Onshore CNY FX spot for Bond Connect is also available. Further, central banks and sovereign entities who are members of the China Foreign Exchange Trade System (CFETS) can now trade CNY FX Spot with our Shanghai branch for CIBM Direct.

*BNY Mellon can help you collateralize your Stock Connect assets for optimal efficiency*

### ENHANCE MOBILITY. LOWER FUNDING COST

We are the first tri-party agent to provide collateral services to support Stock Connect assets. We can assist global clients with cost-effective financing solutions to deliver and ensure optimal collateral allocation and mobility. The operating model adheres to China's rules and allows clients to view and allocate their assets as part of their global collateral pool.

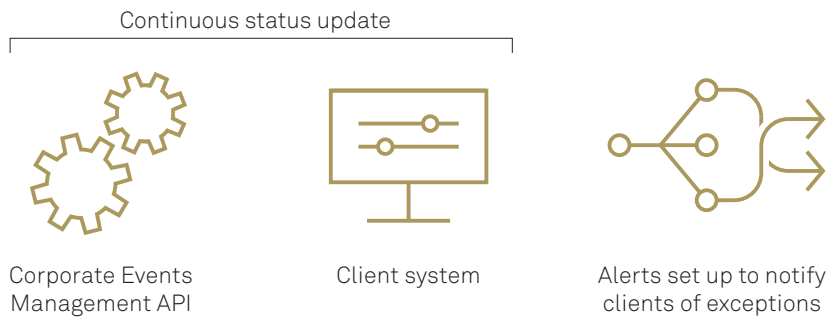
# Portfolio Services

Global investors want to ensure their actual credit of coupon proceeds reconcile with their projections, and they want to invest these proceeds same day. Often, this is not possible in China and proceeds are invested the next day.

## *BNY Mellon provides timely updates on the status of corporate events*

### **DATA AT YOUR FINGERTIPS**

Our Corporate Events Management API allows clients to continuously obtain updates on their income projections and settlement status. Clients can query the credit of coupon proceeds multiple times throughout the day and invest proceeds with same day value, so they can make informed business decisions to improve investment performance.





# Cash Management and Reporting

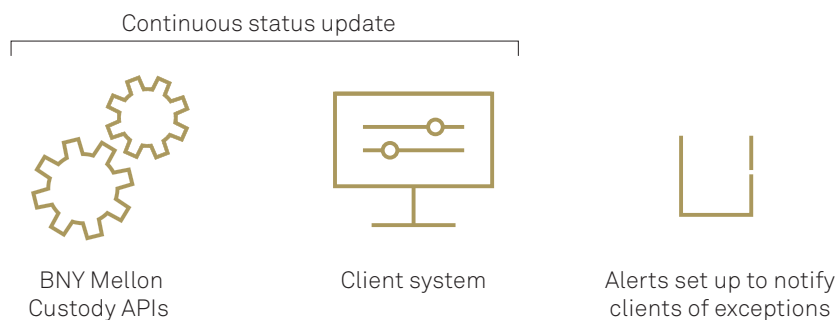
China's equities market prevents overbuying and short selling by requiring all shares and cash to be pre-funded before investors can place buy or sell orders. This creates an operational burden given the need to validate sufficient cash levels before purchase orders can be placed.

*BNY Mellon APIs help you view your China holdings and manage your cash positions in near real-time*

## ACCELERATING INFORMATION DELIVERY

Our Cash Management API provides near real-time cash account balances and transactions, while our Safekeeping API provides detailed, near real-time information about the overall investment positions and transaction data in a client's application, at any given time.

These APIs save time and effort for our clients by removing manual reconciliation processes, and enable clients to take necessary action based on the latest data available. The APIs also reduce operational and technology risks as data is seamlessly integrated between the BNY Mellon and client's custody systems.



# Solutions to give you a strategic advantage

Our suite of integrated solutions provides you with the required local expertise, seamless connections and complementary capabilities that will give you an edge in navigating the China's capital markets.

Make your investment journey more efficient and successful thanks to our:

- Faster and smoother account opening
- Clear and up-to-date information on market entry requirements
- Insights into regulatory and other reforms
- Optimal service models for funding and settlement
- Seamless processing and execution capabilities for post-trade across various time zones
- Prompt reporting on trade failures
- Access to FX services and greater liquidity
- Collateral services to support Stock Connect assets
- Near real-time information delivery on the status of corporate events and on China holdings and cash positions

## Find out more about us

### **WE ARE BNY MELLON ASSET SERVICING**

BNY Mellon Asset Servicing business supports institutional investors in today's fast-evolving markets, safeguarding assets and enhancing the management and administration of client investments through services that process, monitor and measure data from around the world. We leverage our global footprint and local expertise to deliver insight and solutions across every stage of the investment lifecycle.

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