

A joint workshop organized by

**Fondazione Eni Enrico Mattei and  
Centro di Economia finanziaria e monetaria "Paolo Baffi", Università Bocconi**

## **Financial Market Development in China: Risks, Challenges, and Opportunities**

Milan, April 3, 2006  
9:30 am

The financial landscape in mainland China is today witnessing dramatic changes. After the wave of IPOs of the 1990s which boosted domestic stock market but left unaffected pre-existing ownership structures, the Chinese government seems firmly committed to improve the competitiveness of its financial system. Steps have been taken in several directions. First, important innovations have been introduced to consolidate the institutional foundations of the market. Major stock exchanges and the financial regulator issued guidelines for the corporate governance of listed firms and a new set of listing rules aiming at enhancing accountability and responsibility at the IPO stage. Second, the capital market has been gradually opened to overseas portfolio investment, granting access to Qualifying Foreign Institutional Investors (QFII). Third, the process of reform of the State-owned sector has been convincingly upgraded by sharpening the competitive edge of major banks, which will be soon floated in the market. Finally, a pilot program has been set forth to tackle one of the most controversial and politically sensitive issue: the floatation of the so-called "non-tradable shares", a special class of shares owned exclusively by public shareholders which could not be sold freely in the market without government approval and which adversely affected the liquidity and transparency of the domestic stock market.

In principle, all these measures are suitable to foster financial market development in China. But will they deliver the expected outcomes? Will Chinese markets fully integrate in the global financial system anytime soon or will these reform create backlash and resistance? What role can international institutional investors play in the process? What risks and opportunities characterize the financial business in China? Are there possible mutual gains from cooperation between the European (and particularly Italian) and the Chinese financial community?

The workshop will provide some answers to these questions, by gathering a qualified group of Chinese and international speakers who will present the most recent trends and discuss the most controversial issues.

*Invited speakers:*

Zhiwu **Chen**, Professor of Finance, Yale University  
Xinghai **Fang**, Deputy Director, Office for Financial Services, Shanghai Metropolitan Government  
Charlie **Ye**, Managing Director, Bank of China International

*Panelists:*

Cesare **Calari**, Vice-President, Financial Sector, World Bank  
Takeshi **Inoue**, Nomura Institute of Capital Markets Research  
Alessandro **Profumo**, CEO, Unicredit Group  
Domenico **Siniscalco**, University of Turin, FEEM and former Minister of the Economy and Finance, Italy

*Organizers:*

Andrea Beltratti, Bocconi University  
Bernardo Bortolotti, Università di Torino and FEEM

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