

The Next Mile: Smoothing the Path for Foreign Investors *Accessing China*

Over the past half century, China has risen to become the world's second largest economy. But foreign participation in its capital markets has not matched this growth.

BNY Mellon's global study, surveying 300 investment managers and asset owners, illustrates how foreign investors are thinking about future opportunities in China and what challenges they face as they grow their portfolios.

Our survey finds that the vast majority of foreign investors are yet to hit their target China allocations. Three key issues will influence how much they grow their allocations:

Firstly, regulatory risk: 60% of investors say decisions to scale China portfolios will be affected if uncertainty about economic policy continues.

Secondly, operational challenges: Onboarding to market access schemes, collateral management and trade settlement practices continue to cause operational challenges.

Thirdly, limited ESG disclosures: Investors are concerned that difficulties obtaining ESG data from Chinese companies will impact their ability to meet compliance obligations and expose them to hidden risks.

As foreign investors navigate China's evolving market landscape, it is critical they collaborate with trusted service providers, like BNY Mellon. We can deliver local market expertise and capabilities at every stage of your investment lifecycle, and help you gain a competitive edge in China.

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