

**Sino-foreign securities joint ventures (JVs) in need of strategic overhaul in the wake of rapid financial market liberalisation**

*Quinlan & Associates sees Sino-foreign securities JVs at inflexion point*

**Hong Kong, 13 September 2016** – Quinlan & Associates, an independent strategy consulting firm specialising in the financial services industry, has released a comprehensive thought leadership paper looking at the evolution of the Chinese securities landscape and the opportunities it presents to established, newly-formed and aspirant Sino-foreign securities JVs.

The report, titled ‘Sino-Foreign Securities Joint Ventures: Round 2,’ is the first deep-dive into Sino-foreign securities JVs in the market. ‘While the past decade has seen China emerge as a global economic powerhouse, boasting the second largest economy and stock market in the world, as well as the largest capital market fee pool in Asia Pacific, the growth story has been much less compelling for the JVs,’ said Benjamin Quinlan, CEO & Managing Partner and co-author of the report. ‘The key issue for established JVs has been one of scale: licence restrictions, a lack of management control, and major cultural differences between both foreign and domestic partners have resulted in many JVs being significantly under-leveraged.’

However, Quinlan & Associates believes there is scope for considerable scope to optimise existing platforms. ‘We see enormous value in better harnessing the powerful onshore-offshore footprint that the JVs and their foreign partners have in place. We also believe much can be done to enhance existing governance frameworks and processes,’ continued Mr. Quinlan.

Quinlan & Associates also sees new growth opportunities for JVs. ‘China is undergoing a rapid period of financial market liberalisation that is opening up new fee pools for foreign players,’ said Yvette Kwan, Partner and co-author of the report. Some of these developments have included the Shanghai and Shenzhen Stock Connect initiatives and the Closer Economic Partnership Agreement Supplement X, which has allowed Hong Kong or Macau-headquartered and funded financial institutions to set up fully-licensed, foreign majority-controlled JVs in various free trade zones (FTZs). ‘We feel these liberalisation measures present opportunities for not only the global banks, but also regional players who are looking to establish a foothold in China.’

‘With China’s core investment banking fee pool alone expected to exceed USD 7 billion in 2016, a mere 1% market share gain translates to USD 70 million in annual revenue. However, current strategies need to be revisited in order to effectively capture these opportunities.’ said Mr. Quinlan.

**About Quinlan & Associates**

Quinlan & Associates is an independent strategy consulting firm specialising in the financial services industry. The Company is the first firm to offer end-to-end strategy consulting services. From strategy formulation to execution, to ongoing reporting and communications, Quinlan & Associates translates cutting-edge advice into commercially executable solutions. With a team of top-tier financial services and strategy consulting professionals, and a global network of alliance partners, Quinlan & Associates provides its clients with the most up-to-date industry insights from around the world, positioning the Company as a leader in this field.

For more information, please visit [www.quinlanandassociates.com](http://www.quinlanandassociates.com).

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