

**Comments on**  
**“China’s Financial Integration with Asia”**  
**by GAO Haihong**  
**and**  
**“Japanese Retail Investment in Overseas**  
**Securities and FX Margin Trades”**  
**by Yunosuke Ikeda**

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# China's Financial Integration with Asia

## ■ Points of Ms. GAO's presentation

- The integration of financial markets in Asia is weaker than the integration of trade or investment in the Asian region.
- The framework for financial market cooperation in Asia has been developed since the Asian Financial Crisis in 1997,
  - e.g., CMI and ABF
- China can play a great role in financial integration in Asia.

# China's Financial Integration with Asia

## ■ Comments on Ms. GAO's presentation

- Statistical analysis of the current status of financial integration in Asia based on recent studies by international financial organizations and other research organizations.
- Analyses of the possibility and problems of realizing an AMU and ACU.

# China's Financial Integration with Asia

## ■ Questions about Ms. GAO's presentation

- How should the Chinese authority proceed with further liberalization of capital accounts?
- What can Asia's existing framework for cooperation do for the Asian countries as the influence of the financial crisis originating in America gradually extends to the region's financial markets? Are there any standards or actions about the procedures for drawing reserves under the CMI as a lender of last resort in Asia?
- What are the prospects for further financial cooperation in Asia?

# Japanese Retail Investment in Overseas Securities and FX Margin Trades

## ■ Points of Mr. Ikeda's presentation

- The recent increase in overseas investment by Japanese households via investment trusts and foreign margin trades is due to structural factors, low domestic interest rates, and the pursuit of higher returns.
- FX margin positions of Japanese investors can be estimated based on policy rates, historical trends, and currency liquidity.

# Japanese Retail Investment in Overseas Securities and FX Margin Trades

## ■ Comments on Mr. Ikeda's presentation

- Structural factors contributing to increased overseas investments by Japanese households through investment trusts were:
  - The lifting of the ban on over-the-counter sales of investment trusts by banks and
  - The increase in internet trading
- This is one result of the reform of Japan's securities market.

# Japanese Retail Investment in Overseas Securities and FX Margin Trades

## ■ Questions about Mr. Ikeda's presentation

- How will appreciation of the yen and the decline of prices on the domestic market affect the trend in overseas investment by Japanese households in the future?
- Does Japanese households' experience in overseas investment have any implications for Asian investors? What is the importance of structural reform of domestic securities markets in Asian countries?