



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

FINANCIAL SERVICES

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, creates and facilitates enormous opportunities for U.S. companies supplying or seeking to supply financial services to the China market.

U.S. financial services companies provide services critical to every sector of the economy, including small- and medium-sized businesses. The United States is a significant supplier of financial services through commercial presence in countries around the world, including China. In addition, the United States exported about \$129 billion in financial services globally in 2018, generating around a \$55 billion surplus in trade in financial services.

The Phase One agreement addresses a wide range of trade and investment barriers that have stifled the competitiveness of U.S. companies supplying or seeking to supply financial services in China's market.

Key outcomes of the Phase One agreement include:

- **Securities Services**: By April 1, 2020, China will eliminate the foreign equity cap for securities companies, expanding opportunities for wholly U.S.-owned suppliers of securities services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- **Insurance Services**: By April 1, 2020, China will eliminate the foreign equity caps for U.S. suppliers of life, health, and pension insurance services. In addition, China will remove all discriminatory regulatory requirements and processes in all insurance services sectors and will

expeditiously review and approve licensing applications to supply insurance services.

- Electronic Payment Services: China has a growing electronic payment services market that for many years has been closed to foreign suppliers, including world-leading U.S. credit and debit card companies. Going forward, China will ensure that its regulatory authorities operate an improved and timely licensing process for U.S. suppliers of electronic payment services so as to facilitate their access to China's market.
- Fund (Asset) Management Services: By April 1, 2020, China will eliminate the foreign equity cap for fund management companies, expanding opportunities for wholly U.S.-owned suppliers of fund management services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- Banking Services: China will expand opportunities for U.S. financial institutions, including bank branches, to supply securities investment fund custody services by taking into account their global assets when they seek licenses. China also will take into account the international qualifications of U.S. firms when evaluating license applications for Type-A lead underwriting services for corporate bonds in China's bond market, which is the third largest corporate bond market in the world.
- Credit Rating Services: China will remove barriers facing U.S. suppliers of credit rating services, including approving applications by wholly U.S.-owned suppliers, and allow them to rate all types of domestic bonds sold to domestic and international investors. China also will allow U.S. companies to acquire a majority stake in their existing joint ventures with Chinese companies.
- Futures Services: By April 1, 2020, China will eliminate the foreign equity cap for futures companies, expanding opportunities for wholly U.S.-owned suppliers of futures services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- Distressed Debt Services: U.S. financial services suppliers with expertise in handling distressed debt will be able to expand their services in China by having the opportunity to secure provincial-level licenses to acquire non-performing loans directly from Chinese banks. When China

resumes issuing new national licenses, it will ensure that they are granted on a non-discriminatory basis.