

THE UNIVERSITY OF HONG KONG
ASIAN INSTITUTE OF INTERNATIONAL FINANCIAL LAW
and

RGC Theme-based Research Scheme Project:
“Enhancing Hong Kong’s Future as a Leading International Financial Centre”

Seminar

**China’s Shadow Banking Industry and
Impact on Capital Markets:
Ignoring the Lessons of the Past**

Dr. Avnita Lakhani

City University of Hong Kong School of Law

Monday, 9 November 2015, 12:30 -1:30 pm
Academic Conference Room, 11/F Cheng Yu Tung Tower
The University of Hong Kong

This seminar, based on a soon-to-be published article, explores and analyses the nature of shadow banking in China, its impact on capital markets and whether China can learn from the lessons of the past in controlling shadow banking activities. The global financial crisis of 2007-2008 triggered, or at least, entrenched in China the establishment of ‘shadow’ capital markets, particularly in the form of shadow banking. While shadow banking existed in some forms prior to the global financial crisis across the world, and continues today, the fact that it continues to exist in, arguably, the world’s second largest economy is cause for worry by many. Part I of this seminar defines the scope of shadow banking. Part II takes a brief look at the link between shadow banking and capital markets. Part III discusses what some argue is China’s shadow banking problem. Part IV reviews China’s proposed reforms for handling the shadow banking problem. Part VI analyses whether China’s proposed reforms are likely to succeed and to what extent these proposed reforms seem consistent with those adopted by other countries as well as the extent to which the reforms are consistent with what scholars believe are necessary to effectively manage the negative consequences of shadow banking. Finally, Part VII concludes with a call to action in balancing the positive impact of shadow banking and its contributions to healthy capital markets with the structural reforms, oversight, transparency, disclosure and education necessary to ensure that shadow banking in the world’s second largest economy does not turn into another financial tsunami at the expense of consumers and investors.

Dr. Avnita Lakhani is Assistant Professor at City University of Hong Kong School of Law and an Honorary Fellow of the University of Hong Kong Asian Institute of International Financial Law (HKU-AIIFL). Dr. Lakhani’s teaching and research expertise is, among other areas, in the fields of commercial law, business law, international and comparative law, alternative dispute resolution, international conflict prevention, analysis, and resolution as well as the interdisciplinary intersection of such areas with financial law and investment law. Dr. Lakhani has published numerous articles in top-ranked journals on critical international issues, such as the role of transparency in the harmonisation of commercial law, virtual commercial transactions, the Greek debt crisis negotiations, mandatory mediation in Hong Kong for child custody cases, mediation to resolve maritime disputes in the South China Sea, and international corporate beneficial ownership requirements and their impact on capital markets. Dr. Lakhani expresses her sincere gratitude to HKU-AIIFL and its team for the opportunity to discuss this topic and engage in a stimulating dialogue with participants at this academic seminar.

Please register online via www.AIIFL.com or
email Flora Leung at flkleung@hku.hk to reserve a place.