

Innovation and Transformation of Futures Market

Speech of Chen, Youan, Board Director, 2013

Distinguished***, Distinguished ***, dear senior officials, friends, good morning/afternoon! It is a great pleasure for me to attend the 10th Shanghai Derivatives Market Forum and share views with you on Innovation and Transformation of Futures Market at Shanghai International Convention Center. As China's economic power continues to grow, the futures industry in China has been expanding its influence with ever increasing futures products and market share, attracting more attention from the real economy. Please allow me, on behalf of Central Huijin, China Galaxy Financial Holdings Company and China Galaxy Securities, to extend my sincere gratitude to Shanghai Futures Exchange for such a precious opportunity for learning and sharing!

After many years of reform and development, the innovative environment of China's futures market today was hard earned. The burgeon of innovation ought to be nurtured with great care. The existing commodity futures have been thriving with the continuous devotion of officials and management, and financial futures products are now in the spotlight of innovation. The single mode of channel business adopted by the major futures companies have been transferred to all-dimensional risk management mode including investment and consultation, asset management, and risk management subsidiary. As the controlling shareholder of Galaxy Futures, Galaxy Securities has been lending full support to Galaxy Futures in growing bigger and stronger in the hope that the latter could seize the opportunity of the innovation and transformation of futures industry and keep abreast with the trend. At the key phase in the development of futures industry, we will consolidate our foundation, and make positive contributions to the development of real economy and capital markets.

Premier Li Keqiang indicated in his speech some while ago that "we ought to pay more respect to the objective law, transform the functions of the government and handle well the relations between government and society, and government and market. The basic role of market in allocating resources has to be promoted in the economic realm, and the social force, including

the forces organized by society, ought to be better utilized in the social scope. It is also the direction of reform to return the functions of market and society to themselves.” It can be seen from the Premier’s speech that in-depth market reforms are taking place in all fields in China now. How to satisfy the fundamental requirements of futures market serving the real economy by making full use of innovation in futures? How does the futures industry adapt to the quick economic growth? How to keep the pace of development, innovation and risk control on the same level? These are some questions demanding thoughts and answers from the wide range of participants and regulators of futures market.

Dear officials and friends, the trading volume of China futures market has been in top rank for a few years in a row. Either from the perspective of national economic strategy or its own development, China’s futures market is expected to make more efforts in strengthening its influence in international market pricing. Shanghai Futures Exchange has been actively preparing for an array of innovative businesses including actual purchases, crude oil futures, non-ferrous metals price index, and commodity options. We believe, with the launch of these new businesses, China’s futures market will have a greater say in global bulk commodity pricing. Shanghai, as the important financial city in Asia-Pacific and even the world, is determined to make great contributions to the ambition.

I would like to wish the 10th Shanghai Derivatives Market Forum a great success. Thank you!