

CHAPTER 1

INTRODUCTION

1.1 Research background

Liquidity risk is one of the most important risks in the operation of the securities business, which is the lifeline of the success or failure of the securities institutions to a certain extent and will cause serious negative impact on the financial system and the real economy. In China, at the end of 2003, the risks accumulated by the securities companies in the end of the year were concentrated, the securities companies had the first comprehensive liquidity risk crisis, the 2/3 companies in the whole industry had a crisis, the 1/3 company capital chain was faced with the possibility of breaking up, and finally closed 31 companies that could not resolve the risk of risk insurance. In June 2013 and December, the two "money shortage" events in the interbank market and the abnormal fluctuation of the stock market in 2015 made the securities companies and the regulatory authorities "terrified". Internationally, the global financial crisis triggered by the US subprime crisis in 2008 was the most serious financial crisis since the great depression. During the period, a global liquidity risk crisis had emerged in the world's major financial markets. Some of the famous investment banks in the West were in trouble, and the five largest investment banks in the United States had been bought, bankrupt or transformed.

Financial institutions are highly valued by regulators at home and abroad because of their strong liquidity risk, fast dissemination and strong destructive power. Internationally, the Basel Committee has revised and perfected the Basel Agreement III, bringing liquidity risk management into a unified regulatory standard and putting forward two liquidity regulatory indicators, "liquidity coverage (LCR)" and "net stable fund ratio (NSFR)". In China, the securities industry self-discipline organization - China Securities Association began to implement the guidelines for the liquidity risk management of securities companies on February 25, 2014 and introduced two liquidity regulatory indicators in the Basel Agreement III. On June 16, 2016, the CSRC issued the decision to modify the management measures for the risk control indicators of securities companies. It clearly established the risk control index system at the core of net capital and liquidity, and two liquidity risk regulatory indicators ("liquidity coverage (LCR)" and "net stable fund ratio (N)" SFR) ") from the regulation of industry self-discipline to the regulatory level of the SFC department, included in the four core regulatory indicators of risk control, has been implemented since October 1, 2016. The new regulation will raise the liquidity supervision of securities companies to the same important position as capital supervision and will also have an important impact on the liquidity risk management of securities companies.

1.2 Research meaning

The securities industry is an industry of risk trading. The key to management is risk. All

kinds of risk types of securities companies, such as operating risk, credit risk, market risk and operational risk, may eventually turn into liquidity crisis, and the prevention of liquidity risk is an important lifeline for securities companies. At present, through investigation and investigation, the securities companies in our country have basically established the system of liquidity risk management, established or improved the liquidity risk management mechanism, and promoted the attention to the management of liquidity risk, but there are still some problems and shortcomings in practice. No matter from the angle of supervision or from the point of view of the manager of the company, the experience and the practice level of the supervision and management of the liquidity risk are still deficient. From the change of the new regulation, this paper analyzes the current situation and the existing problems of the liquidity risk management of the securities companies in our country, and puts forward some countermeasures and suggestions, which is of theoretical and practical significance.

For securities companies, financial risk management will be the most important part of financial work in the next five years in the 2017 national financial work conference, which mentioned the unprecedented level of risk of the financial institutions. The ever-changing external macro environment such as currency and exchange rate policy will also bring new challenges to the liquidity risk management of securities companies. Through the analysis of the causes of the liquidity risk of securities companies and the present situation, as well as case practice, it will help the securities companies to further improve the level of liquidity risk management and construct the system and structure of liquidity risk management suitable for the company.

1.3 Scope

In this paper, we combine theory with practice, and use empirical methods to solve problems. Based on the new requirements for the liquidity risk management of China's securities companies, this paper analyzes the challenges in the liquidity risk management of our securities companies in the near stage and the development of internal business and analyzes the problems of liquidity risk management in China's securities companies and proposes policy recommendations to strengthen the flow of liquidity. Finally, taking China's S securities company as a case, this paper studies its current situation and practice of liquidity risk management, and provides a way to improve the liquidity risk management of China's securities companies.

According to the ideas from definition to methodology and practice, from whole to part, this paper is divided into six chapters.

Chapter 1, Introduction. This chapter mainly introduces the background and significance of research on liquidity risk management of securities companies.

Chapter 2, Literature review. This chapter mainly reviews the literature review on liquidity risk management by scholars both at home and abroad.

Chapter 3. Overview of the theory of liquidity risk management in securities companies.

This chapter is the basis of the theoretical research in this paper. Firstly, it expounds the meaning of liquidity risk, the cause of risk and supervision, and then introduces the development process of the theory of liquidity risk management, which paves the way for the later research.

Chapter 4, Current situation and existing management problems of liquidity risk in China's securities companies under the new regulation. This chapter firstly introduces the new regulations of our country. Under this background, then it analyzes the current situation of liquidity risk of China's securities companies, and deeply studies the liquidity risk characteristics and management problems of China's securities companies.

Chapter 5, Countermeasures for strengthening the liquidity risk management of securities companies in China. On the basis of the one to three chapters, this chapter puts forward some countermeasures to strengthen the liquidity risk management of China's securities companies combining the characteristics of liquidity risk and new requirements of China's securities companies.

Chapter 6, Practice of liquidity risk management in China's securities companies: a case study of A securities company in China. This chapter mainly studies from the whole to individual. Taking the A securities company in China as an example, the liquidity risk management framework and system system, the operating situation of liquidity risk supervision index, the tools and methods of liquidity risk management are introduced, and the current situation of liquidity risk management are fully demonstrated, then corrective actions are proposed.

Chapter 7, Conclusion and Prospect. The conclusions of this study are summarized, and corresponding suggestions are put forward for the risk management of securities companies. Finally, the shortcomings and prospects of this article are expounded.