

An analysis of the corporate bond business of Soochow Securities: its problems and recommendations for the future

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Abstract

Since the global financial crisis in 2008, China's bond market has been expanding continuously and the issuance scale of bond is increasing with fluctuation. With the IPO (Initial Public Offerings, which is the alternative way for companies to finance themselves through equity issues) policy tightening, issuing bonds has become the main financing method for most enterprises in China. Nowadays, the types of bonds are becoming more and more diversified, and securities institutions in China adapt to the situation, making the issuance of bond a major business of securities companies, but the expanding business scale also brings many problems. The bond market has been affected to some extent since the outbreak of epidemic in 2020.

Soochow Securities Company is one of comprehensive securities companies in China, and its bond business is developing very rapidly. With the advanced theories and practical methods at home and abroad, the in-depth research in this Master thesis is firstly made on the current situation of the company's bond business and the existing problems, such as unskilled business operation caused by unreasonable allocation of human resources, imperfect organizational structure of risk management, increased bond default, poor bond liquidity due to the strong legal control, and information asymmetry between bond issuing company and bond market, etc. And then, based on the analysis above, the corresponding improvement scheme for the problems existing in the bond business is put forward in the paper, such as advising to rationally allocating human resources structure with personnel training, optimizing the organizational structure of risk management with a substantial core risk management system, and trying to reduce the information asymmetry between bond issuing company and bond market with the aid of government. Finally, at the end of the paper, it is proposed to construct bond service business with innovation in Soochow Securities Company.

The research made on the existing problems in the bond business of Soochow Securities in this paper is significant in guiding the company to reduce various risks and hidden dangers brought by the rapid development of the company's business and enhancing the professional nature of the existing bond business. Also, the suggestions to solve the problems put forward in this paper is helpful for the company to effectively develop the bond market under the bad effect of the epidemic. It is hoped that the result of research in the paper will be useful reference for other securities companies at home and broad to deal with the similar problems and risks in bond business.

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1 Introduction

1.1 Research background and significance

Since the early 1990s, China's capital markets has experienced more than two decades of development. Its gradual improvement has played an important role in promoting and leading the reform of the economic and financial system, promoting the growth of the national economy. The influence of the capital markets on the national economy and society is increasing. At present, the capital markets play a very important role in the whole financial market and becomes an indispensable part of the current financial system.

After the outbreak of the global financial crisis in 2008, the high-risk characteristics of the capital market were clearly revealed. As the main body of capital market activities, securities companies suffered a huge impact in the crisis. Most securities companies went bankrupt one after another, and the whole capital market fell into a Great Depression. The financial crisis has made the global financial industry aware of the huge crisis behind the high yield, more aware of the importance of risk prevention. Compared with foreign capital markets, China's capital market still lags far behind in terms of capital scale, rationality of participants, business structure, innovation ability and supervision strength. China's securities market has also made a lot of efforts to this regard. With the publication and implementation of the Decision on Amending the Management Measures for Risk Control Indicators of Securities Companies in 2008, the risk problems of securities companies have been greatly improved.

The expansion of the scale of securities companies in China and the increase of the degree of financial innovation has further strengthened the competition in the securities market. With the IPO (Initial Public Offerings) policy tightening, bond financing has rapidly developed and become a popular business of securities companies.

Soochow Securities (hereinafter referred to as "Soochow Securities") was founded in 2001. As a comprehensive brokerage company, Soochow Securities started to enter the bond market in the second half of 2015. In just two years, Soochow Securities has entered the top 25 of the bond market, and its bond business has developed rapidly. The expanding business scale also brings risks and hidden dangers. Bond business of securities companies is becoming an important part of their core competitiveness. With the continuous development of bond business, it is particularly important to find the problems existing in bond business.

In 2020, due to the impact of the epidemic, the capital market of China and the rest of the world suffered a great impact, and the development of the bond business of Soochow Securities in the Chinese market faced many problems.

With the advanced theories and practical methods at home and abroad, this Master Thesis mainly studies the problems existing in the bond business of Soochow Securities by analyzing the business content, development background, development scale, and current situation of the bond business and it also proposes the corresponding improvement scheme to

solve problems. Therefore, the research made in this Master Thesis is of significance in guiding the company to reduce various risks and hidden dangers brought by the rapid development of the company's business and enhancing the professional nature of the existing bond business. Also, the suggestions to solve the problems put forward in this paper is helpful for securities companies in China to effectively work on the problems arising from bond business.

1.2 Theoretical basis and literature review

1.2.1 Theoretical basis for the study of existing problems in bond business of securities companies

1. Information asymmetry theory

Information asymmetry theory is often used in the market economy. Different economic agents can collect and grasp different information for the same activity or project. People who have more comprehensive and accurate information will have a greater chance to benefit from the activity or project than those who have less rigorous information. The following are three theories that have the information asymmetry problem.

(1) George Kerlof's "market for lemons" theory.

"Lemons" refers to "second-hand goods" in slang. Akerlof (1970) proposed the theory of "lemon market". According to this theory, the information of the two parties in the secondary market is not equal, and the seller has the advantage of information while the buyer is at a disadvantage. The seller can make full use of this information advantage to cheat the buyer, that is, there is hidden information behavior. Such behavior will not only lead to the ultimate infringement of the interests of the buyer, but also change the rules of survival in the market, resulting in good quality products being squeezed out of the market, while poor quality products can stay.

In the bond market, there is also information asymmetry between the investment institutions and the issuer, that is, the issuer knows more about the market position, asset quality and financial status of the securities the company is issuing than the investors and has an absolute information advantage, which puts the investors at a position of disadvantage. Therefore, in order to eliminate this adverse effect, it is necessary to introduce relevant legislation and adequate institutions to make possible to conduct an efficient due diligence investigation on the issuer.

(2) MichaelSpence's "signal" theory.

Michael Spence (1974), an American economist, first proposed the theory in 1974 in his paper "Market Signaling: Signaling in the Employment Process". The party with superior information proves its market ability by transmitting its internal information to the party with

less information, that is, showing or making market signals. This behavior rearranges the distribution of information among market participants. Market signal theory mainly includes two aspects: signal discrimination and signal transmission. Signal discrimination refers to the identification of true information through different contracts, while signal transmission refers to the transmission of accurate information through observable behaviors. The difference between the two is that in the former, the less informed party acts first, while in the latter, the more informed party takes action first.

Usually, issuer conveys a "signal" to the bond market through the disclosure of their own information to the market, which often give impact on the participants in the bond market. At the very beginning, the information disclosure is based on the results of the responsible investigation made by intermediaries, but the same investigation results will have a different impact on the market due to different ways of information disclosure and different forms of expression.

(3) Moral hazard theory.

Moral hazard refers to the possibility that one party may take action or fail to take action under the circumstance that the other party cannot observe and supervise by using the information advantage it has, resulting in the other party's loss (Pauly, 1968). In short, moral hazard refers to the behavior that relevant parties with information advantages intentionally hide key information for their own interests and cause damage to the other party.

The moral hazard in the bond market mainly refers to that the relevant personnel of the intermediary and the issuer jointly conduct the behavior of "hiding information" for their own economic interests and infringe on the interests of investors.

2. Principal-agent theory

The principal-agent theory is one of the main components of the contract theory of institutional economics. The principal-agent relationship mainly studied means that based on explicit or implicit explicit contracts, multiple or one actor (here in after referred it as the 'principal') explicitly designates other participants (here in after referred it as the 'agent') to provide employment services. At the same time, the former should grant the latter explicit decision-making power and according to the quality and quantity of services provided by the latter, the former the principal is obliged to pay the corresponding remuneration to the latter the agent. In this process, the former is the principal and the latter is the agent.

Asymmetric information game theory is the basis of principal-agent theory. Asymmetric information means that some participants have some information while the other participants do not have the same level of information, and the occurrence of information asymmetry includes the asymmetry of time or content. In terms of time, asymmetrical information may occur before and after the parties sign the contract, and in terms of content, the issuer may hide information, thus generating the asymmetrical information.

The existence of principal-agent relationship depends on the professional advantages of agents in some aspects. For example, in bond financing, securities firms, based on their professional advantages, conduct due diligence on issuers and issue relevant reports and risk warning documents. Their role as lead underwriter is based on the principal-agent relationship. Here an underwriter is a person/institutions that collaborates with the issuance thus helping the issuer (normally a company) to sell its shares (as in an IPO), or its bonds.

1.2.2 Literature review of bond business research of securities companies

1. Types of risk of securities companies

As for the classification of risks, foreign countries mainly classify them according to their nature. Goldman Sachs Securities classifies risks into credit risk, market risk, non-transaction risk and derivative risk according to its own risk management experience. Merrill Lynch classifies and manages risks from four dimensions: credit, market, process and others. Morgan Stanley classifies a company's risks into credit risk, market risk, legal risk, operational risk and other risks. In the New Basel Capital Accord in 1998, financial risks were summarized into three categories: credit risk, market risk and operational risk. According to the International Securities Commission (IOSCO, 1998), risks of securities companies can be divided into five types: market risk, credit risk, liquidity risk, operational risk and policy risk. At present, the risk classification of securities companies in China is mostly based on the five types announced by IOSCO.

Credit risk refers to the risk that the counterparty is unwilling or unable to fulfill the obligations of the contract, resulting in the loss of assets of the other party. It is also a credit risk that the assets of the holders of financial assets depreciate due to the downgrade of the credit rating of one party. For example, when a company's credit rating is downgraded, the market price of its bonds falls and bond investors suffer losses. Credit risk also includes sovereign risk, for example, a counterparty cannot meet its obligations because of foreign exchange controls in its home country.

Market risk refers to the changes in the market value of financial assets or liabilities caused by changes in basic financial variables, such as interest rate, exchange rate, stock price and inflation rate, which might be possible to bring damage to investors. Generally speaking, as interest rates fluctuate, bond yields fluctuate.

Liquidity risk has two meanings: One is the risk of loss caused by the lack of liquidity in the market, which leads to the inability of security holders to timely liquidate. This risk is called market or product liquidity risk. The other one happens when financial traders have to sell financial assets in advance at a low price when they themselves have cash flow difficulties, which is the risk of turning a paper loss into an actual loss. This risk is called cash flow risk.

Operational risk refers to the possibility of loss due to imperfect technical operating system, defects in management control, fraud or other human error. For example, the execution risk of a trade not being executed; the risk of fraud caused by the staff's deliberate withholding of information; risks caused by natural disasters, force majeure and key person accidents, etc.

Policy risks refer to the risks that may be brought to investors by changes in monetary policies of monetary authorities, government fiscal policies, domestic and foreign economic policies, as well as political, diplomatic, and military policies.

2. Risk management of securities companies

The risk management of securities companies in the west has been relatively mature, but securities companies are usually different in risk's identification, evaluation, control and response to the risk and other aspects. Many international famous large securities companies generally have their own systematic risk management framework and a complete risk management system, as well as a variety of risk early warning and measurement models. Therefore, there have been a lot of studies on the risk management of securities companies abroad. The International Organization of Securities Commissions has made important contributions to research on risk management of securities firms, including standards on capital adequacy ratio (rate of capital sufficiency) and security deposit, guidelines and recommendations on risk management. Among them, the Risk Management and Control Guide for Securities Companies and Their Supervisors is the most Influential, which is used to guide securities companies to promote risk management. With the development of China's capital market, securities companies pay more and more attention to risk management. Chang Xingong (2016) believes that with the increasingly complex market environment and diversified and international business expansion of China's securities industry, risk management has gradually become the core competitiveness of securities companies. In terms of the analysis of the causes of risks of Chinese securities firms, Jialiguo (2006) believes that imperfect governance institutions and failure of internal control are the internal factors leading to the death of Chinese securities firms. Hu Runmin (2008) also believes that the relatively strong monopolistic nature of China's securities industry and the imperfect governance and decision-making mechanism lead to the poor anti-risk ability of companies. Cao Hui (2011) also proposed that the imperfect governance structure is one of the reasons for the risk outbreak of securities companies. Many scholars associate internal control with risk management in the research on risk control of securities companies. Meng Yan and Sun Lihong (2004) proposed that, compared with ordinary companies, securities companies have more complex business types and the relationship between their departments is also very complex, so their internal control environment is very complex. Combining the development route of internal control theory with specific cases, the author focuses on the analysis of the problems in the management and governance mechanism of securities companies in China, and puts forward specific suggestions on perfecting the corporate governance mechanism and organizational structure, improving the internal control environment, and strengthening the construction of internal control organization. Ding Yougang and Hu Xingguo (2007) pointed out that internal control is a control mechanism for internal risks, so it should be integrated into the comprehensive risk management framework combining internal and external

enterprises. Wang Wen and Wang Dong (2010) believe that the development of risk management theory, internal control and audit related theories are gradually approaching the risk management of enterprises, thus realizing integrated development. Li Guangyu (2013) made a specific analysis of the internal control of China's listed securities companies from the perspective of law, and proposed the legal regulation path of the internal control of securities companies: -constructing the internal control coordination system of the diversified subjects of listed companies; -strengthen and clarify the social obligations and responsibilities of the government and enterprises; -entrust and protect the legal rights of many stakeholders; -strengthen the execution of laws and regulations related to the internal control of listed companies. Zhao Wei (2013) believes that the diversification of securities business introduces new risks while diversifying risks. The author studies quantitatively the risk effect of business diversification by constructing the relationship model between revenue structure and risk of securities companies. Empirical tests show that business diversification may not necessarily reduce the risk of securities firms, but is related to the characteristics of securities firms such as business risk characteristics and asset size.

In terms of risk management measures taken by securities companies, Diebold and Santomero (1999) analyzed the countermeasures taken by western securities companies in the financial crisis, and they summarized the regular pattern for securities firms to successfully go through the crisis by reducing risks: establishing systematically a risk management system; strengthening internal control and thoroughly implementing the risk control system; assessing a dynamic analysis of risks faced by securities companies in order to timely adjust the corresponding risk control system. Khindanova (1999) proposed the concept of total risk management of securities companies. He believed that various risks of securities companies could be evaluated by comprehensively considering enterprise risk preference, market price fluctuations and risk calculation value through risk management means and methods. Chinese scholar Wang Dianxiang et al. (2017), on the basis of investigation, combined with domestic and foreign risk control compliance management practices, summarized four basic risk control compliance management modes, which are risk control compliance preposition mode, full-time risk control compliance mode, risk control committee mode, and risk control centralization mode. In addition, this paper gives suggestions on the allocation of different management modes by securities companies based on their own strategic objectives, operating conditions, business characteristics, risk preference and management capabilities.

According to the methods of total risk management widely used abroad, Chinese scholar Zhang Zexiao (2006) analyzed the current situation of total risk management in China and proposed to enhance the infrastructure of total risk management by establishing a normative governance structure and strengthening the organizational structure of total risk management. Also Feng Yuming and Liu Juanjuan (2006) made research achievements in this respect by establishing the organizational structure of risk management to ensure the effectiveness of risk management. Xiao Xinhua and Liu Dongrong (2009) mainly studied the method of constructing the risk management system of securities companies, and believed that it was appropriate for securities companies to manage risks based on their main business. Yu Huiqin (2011) proposed to carry out comprehensive risk management by improving compliance

institutions and compliance teams, establishing a comprehensive risk monitoring system, establishing a complete compliance performance assessment, compliance accountability, integrity reporting system, and popularizing the laws and regulations of the market. Similarly, Zhang Xi (2013), after analyzing the existing problems in risk management of Chinese securities companies, proposed risk management measures, including strengthening the management of industrial credit rating system, establishing a sound regulatory system, and improving the information disclosure system.

At the same time, many scholars also propose some risk management measures by referring to the risk management experience of foreign securities companies. Yao Dequan and Lu Zhijun (2013) studied the current situation of risk management of foreign securities firms and found that the risk management of foreign securities firms was mainly based on the overall risk management of the company, without further research on a specific risk. Therefore, Yao Dequan suggested a further study from the perspective of market risk. Wang Xiaoyuan (2014) sorted out the risk management problems of Chinese securities firms by drawing on the risk management experience of foreign securities firms, and put forward countermeasures for the risk management of Chinese securities firms in the aspects of system, organization and model construction. The author believes that we should start from optimizing the internal environment, improving the internal control operation and evaluation system, reforming the incentive mechanism, establishing and improving the risk control system, establishing the operational risk control system, and strengthening the construction of the risk management talent team.

There are many types of business of securities companies in China. For different types of business, some scholars have put forward some targeted risk identification and countermeasures. Li Jin'an (2004) used the analytic hierarchy method to analyze the risks of brokerage business, established the corresponding analytic hierarchy model, stratified the risks according to different relationships, constructed the hierarchical structure chart, determined the weight of different factors, and identified risks by quantitative method, so as to take targeted countermeasures. Wu Wanhua (2009) proposed earlier that asset management business, as the core business of securities companies, is the profit growth point in the rise of securities companies. By analyzing the problems and causes existing in the risk control of asset management business of Chinese securities companies, this paper proposes measures such as improving the risk control system of asset management business, reasonably arranging the contract term structure, controlling the scale of capital management, and controlling the risks in business innovation. Fang Tiedao (2013) believed that in the context of the innovation of the securities industry, the mechanism and talents of the asset management business of securities companies did not keep pace with the rapid development of the business, resulting in a considerable degree of legal risks. In this Master Thesis, the corresponding risk management scheme is put forward: improve the risk control process, the combination of risk control preposition and process control; -perfect the relevant system of innovation business, strengthen the guiding and restraining mechanism; -strengthen the inspection of legal compliance, so as to identify and remove hidden risks in a timely manner; -strengthen the constraint mechanism to avoid short-term behaviors of business personnel. Di

Junpeng and Zheng Zhonghua (2017) believe that asset management business in the securities industry pays more attention to the institutionalized management of risks, but the corresponding problem is the lack of corresponding risk control technology and risk monitoring means, especially in the identification and evaluation of risks. In particular, aiming at some market risks in capital management business, the author explores the tools and means of risk identification, improves the risk early warning mechanism, and finally builds a comprehensive monitoring platform with market risks, institutional risks and management risks as the main control objects. Xiao Xinhua and Liu Dongrong (2009) proposed that the risks of Chinese securities firms' proprietary business mainly include six aspects: policy and legal risks, market risks, operational risks, operational risks, trading risks and investment decision-making risks. Based on their analysis, Zhang Chengjun and Xie Haiyu (2010) pointed out that margin financing and short selling business of Chinese securities companies is faced with legal risks, excessive scale expansion risks, liquidity risks, customer credit risks and management operational risks, etc., and suggest corresponding risk control measures. Studies on the risk management of margin requirement are made by several scholars, such as Liu Zhiyang and Song Yuying (2015) 's study on the systematic risk management of margin requirement, and Zhao Xu (2016) 's reference on the risk management of margin requirement in Hong Kong.

At the same time, China's capital market is still immature, and stock market fluctuations have a great impact on securities companies. Therefore, many scholars emphasize that it is particularly important for securities companies to strengthen the ability to deal with market risks. Liu Guocheng and Xu Cheng-an (2010) discovered that the securities company's operating income of securities companies is obviously affected by the stock market. Yuan-song tong (2013) analyze eight different areas and also the size of the listed securities company, with nearly three years of data. His research shows that the volatility of the stock market impact on the company's performance is very significant, embodied in the Shanghai composite index and clinch a deal amount and the company's total assets growth rate, profit and gross profit margin is proportional to the brokerage business, The volatility of the Shanghai Composite Index has a negative impact on the company's performance to a certain extent. The operating income of securities companies is obviously affected by the stock market

1.3 Research methods

This paper mainly uses investigation research method to study the risk management of the bond underwriting business of Soochow Securities Company:

This master thesis is planning to collect the current and historical data about the issue of research, combining with the relevant information from personnel contacted by email, to do some in-depth summary data and rational analysis.

2 Overview of Soochow Securities

2.1 Company introduction

Soochow Securities, formerly Suzhou Security, was renamed Soochow Securities on May 28, 2010 after three capital issues. The registered capital of the company is 1.5 billion yuan, with its headquarters and registered place in Suzhou. It has 8 branches, and 48 securities business outlets, and it also Sharing in Soochow Fund Management limited company, controlling Soochow Futures limited company, setting up a wholly-owned subsidiary Soochow Investment limit company.

Since its establishment, Soochow Securities has set the goal of building a “wealth home” where both the company and clients thrive together. It has already established the securities brokerage, investment banking, securities investment, asset management business, fixed income and wealth management business as the basic architecture of the system and the research and consulting, information technology, compliance management, comprehensive service and powerful business support system, and gradually developed from a single brokerage companies to a securities firm. Stock trading volume, return on equity and other business indicators have stand for many years in the industry’s upper level. For more than ten years, the stable and sustainable development of Soochow Securities has withstood the test of the securities market.

As a local brokerage in Suzhou, Soochow Securities has a unique innate advantage in brokerage business and investment banking business in that region, relying on the powerful driving force of Suzhou’s economic development. The company is planning the layout of the country, active external expansion. The company’s business is based in Suzhou, the market scope covers Beijing, Shanghai, Chongqing, Zhejiang, Guangdong, Fujian, Liaoning, Shandong, Yunnan, Hainan, Hunan, Jiangsu, Guangxi, Anhui and other regions, and has a wide range of customer resources and a good brand effect.

In order to further strengthen the business commitment to provide customers with “professional investment and financial services”, the company launched the activity of one package service at the end of 2009 and strive to make convenient and effective service with every investment choice and behavior of customers. Looking ahead, opportunities and challenges coexist. The company will continue to implement its business transformation at the same time, put customer service in the first place, determined to reform, continuous innovation, and strive to improve the comprehensive strength and brand image of Soochow Securities, to achieve a stable and healthy sustainable development of the company.

2.2 Financial analysis

According to the 2019 annual financial report published on the official website of Soochow Securities, this paper will conduct a comprehensive analysis of the company from three aspects: profitability, cash liquidity and debt paying ability.

1. Corporate profit

During the reporting period (2019), the company achieved operating revenue of 5.130 billion yuan, up 23.27% year on year. The gross margin was 69.4%, down 9.6% from the same period of the previous year. This indicates that although the business revenues of the company increased in 2019, its profitability was worse than that of 2018. EBITDA interest coverage multiple, also known as earned interest multiple, is the ratio of earnings before interest and tax earned by an enterprise to interest expense. It is a measure of a company's ability to pay interest on its debt. Compared with interest expense, the larger multiple of EBIT obtained by an enterprise means the stronger ability of the enterprise to pay interest expense. EBITDA interest coverage multiple = (total profit + interest expense)/interest expense. The increase in EBITDA interest coverage multiple is mainly due to the increase in total profit and the decrease in interest expense during the current period.

Subject	2019.12.31	2018.13.31	Rate of growth
Operating revenue	5,130,373,462.68	4,161,925,425.29	0.2327
Total assets	96,234,645,048.15	84,209,078,368.51	0.142806
Gross margin	69.41%	76.75%	-9.56%
EBITDA interest coverage multiple	1.69	1.19	42.02

2. Cash liquidity

During the reporting period (2019), the cash liquidity ratio (Current assets/current liabilities) in 2019 was 1.63, lower than that in 2018. Through calculation, the cash liquidity of Soochow Securities Company in 2019 was lower than that in 2018.

During the reporting period, the cash flow ratio (current ratio = current assets/current liabilities) was 1.63 in 2019, lower than in 2018. The current ratio reflects a firm's short-term solvency. When the value of this indicator is close to "1", it indicates that the cash flow capacity of the enterprise is better. Compared to 2018, the cash liquidity of Soochow Securities Company was relatively fast.

EBITDA/Total Debt (Earnings Before Interest, Taxes, Depreciation and Amortization) is Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA total debt ratio = EBITDA/ Total debt. Through the calculation of EBITDA total debt ratio, the cash liquidity of Soochow Securities Company is lower in 2019 than in 2018.

Subject	2019.12.31	2018.12.31	Change proportion
Liquidity ratio	1.63	1.74	-6.32
EBITDA total debt ratio	6.74%	8.89%	-24.18

3. Solvency

During the reporting period, by calculating the asset-liability ratio (Total liabilities/total assets), it can be concluded that the debt assets of the company have increased and the debt repayment ability is very good.

Subject	2019.12.31	2018.12.31	Change proportion
Asset liability ratio (%)	72.21%	70.98%	1.73%

3 Introduction to the bond business of Soochow Securities Company

3.1 Development history of bond business of Soochow Securities Company

China Securities Regulatory Commission (CSRC) supervises and manages China's securities market, maintains the order of the securities market, and guarantees its legal operation. Its function is equivalent to that of the Security and Exchange Commission. On May the 6th 2001, the China Securities Regulatory Commission issued “zhengjian information zi [2001] no. 5” “on Xingye securities Company and other ten securities companies online securities entrusted business qualification”, approved the company to carry out online securities entrusted business qualification. On December the 2nd, 2002, China Association of National Debt issued the Notice [2002] No.35 of China Association of Financial Debt and Debt, approving the company to become a member of China Association of National Debt. On April the 26th, 2012, China Securities Regulatory Commission (CSRC) issued “Institution Department Letter [2012] No. 206” to grant Soochow Securities Company the right to carry out the trial operation of bond business. On April the 27th, 2012, China Securities Regulatory Commission issued “China Securities Regulatory License [2012] No. 604” “Approval on the Qualification of Margin and Short Selling Business of Soochow Securities Company.”, approving the company to carry out margin and short selling business. On May the 17th, 2012, China Securities Regulatory Commission (CSRC) issued “China Securities Regulatory License [2012] No. 63” Notice on Matters Related to Soochow Securities Company. Conducting the Pilot Program of Bond Pledged-type Quotation Repo Business and the company was approved to begin trial operation of bond business. On June the 11th, 2012, the Securities Association of China issued the “CSI Letter [2012] No. 373” “Letter on Feedback on the Professional Evaluation Result of the Implementation Plan of the Pilot Private Bond Business of Small and Medium-sized Securities Companies”, which passed the company’s pilot qualification of the private bond business of small and medium-sized enterprises.

3.2 Business Content

The main content of corporate bond business carried out by Soochow Securities is that by issuing corporate bonds or securitizing assets lacking liquidity (Asset securitization refers to the issuance of securities by investment banks with certain assets of a company as collateral or mortgage, which is a new financing method, very different from the traditional bond financing), which enable enterprises to enhance their financial leverage position and solve the problem of working capital shortage. Soochow Securities helps companies finance their growth through debt and keeps their operations independent. The company now has a wide range of products, such as corporate bonds, new corporate bonds, bank and financial bonds, private bonds for small and medium-sized enterprises, asset securitization and other featured products, including the first private bonds for small and medium-sized enterprises in China, the first batch of “mass entrepreneurship” corporate bonds, etc.

3.3 Business operation process

The bond business service process of Soochow Securities includes the following four stages: the determination of financing project, the issuance preparation stage, the CSRC review stage, and the issuing and listing stage. At each stage, relevant written materials should be provided to the CSRC.

The operation flow chart is as follows:



4 Current situation of bond business of Soochow Securities Company

1. Macro perspective

(1) Policy

With the development of China's economy, the institutional framework of China's bond market have been continuously improved in recent years, and the bond varieties have become increasingly rich. At the same time, the opening up of China's bond market to foreign investors continues and they can now access China's bond market through various channels, such as QFII/RQFII, settlement agents and Bond Connect. On July 20, 2019, the financial stability development committee office of the State Council issued 11 measures for the financial industry's opening to including three contents: first, to allow foreign institutions in China to carry out the credit rating business, inter-bank bond market and stock exchange bond market can be all kinds of bond rating; Second, foreign institutions will be allowed to obtain the A-class lead underwriting license for the interbank bond market. Third, we will further facilitate the investment of foreign institutional investors in the interbank bond market.

(2) Epidemic situation

Influenced by the COVID-19 epidemic, the downward pressure on China's economy has increased this year, and the counter-cyclical adjustment of macro policies has continued to intensify. At the same time, with the constant advance of reform in China's capital market, the direct financing channels and financing efficiency of enterprises continue to improve, and the bond issuance scale of both state-owned and private enterprises has gone up again, but there are still big differences in issuing cost, bond structure, maturity structure, credit level and other dimensions among different companies. In the face of COVID-19, many enterprises have problems in debt repayment. Although financing in the the bond market has grown , the defaults have become more frequent.

(3) Demand for national savings

The rapid growth of China's economic construction has shocked the whole world. And the current situation of China's economy is as follows. According to preliminary estimate, China's gross domestic product (GDP) for the year totaled 3.97983 trillion yuan, an increase of 10.3% or 1.1 percentage points over the previous year at comparable prices. In terms of quarters, it increased by 11.9% year-on-year in the first quarter, 10.3% in the second quarter and 9.6% in the third quarter. By industry, the added value of the primary industry was 4049.7 billion yuan, an increase of 4.3% 25; the added value of the secondary industry was 18648.1 billion yuan, an increase of 12.2%; the added value of the tertiary industry was 1710.5 billion yuan, an increase of 9.5%. China's total savings rate will reach 45.7% in 2020, an increase from 44.2% in 2019. Large-scale resident saving or deposit has played a huge role in promoting the development of the national economy. There are four types of deposit: fixed deposit, fixed regular small deposit with lump sum withdrawal, time deposit for interest

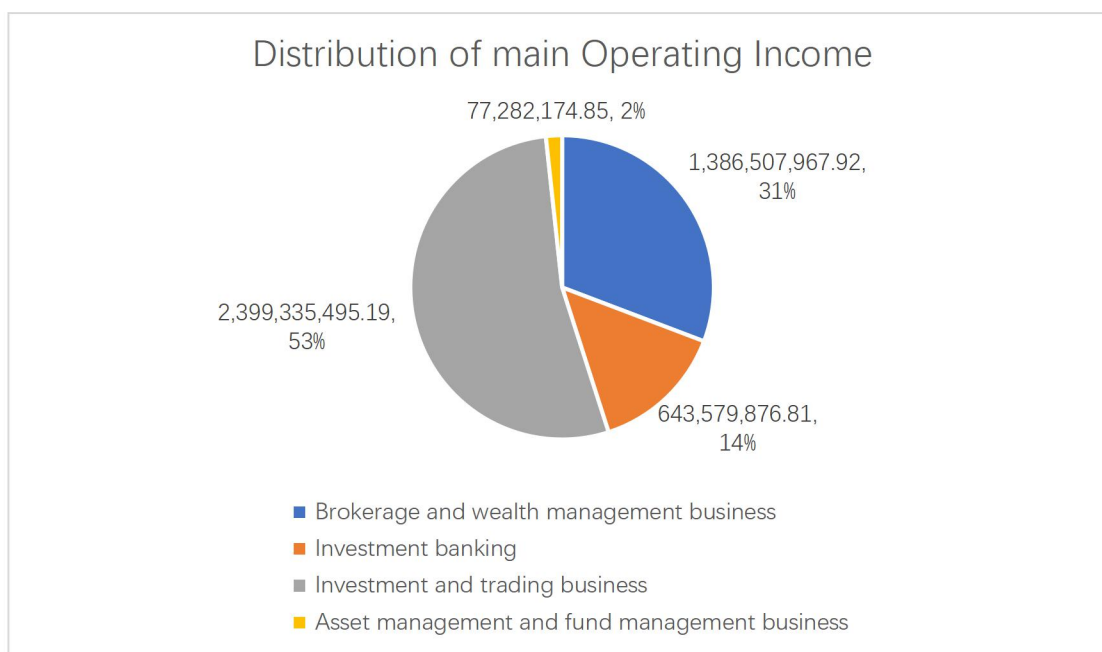
withdrawal on principal deposited and notice deposit. However, corporate bonds account for a small proportion of the total savings demand, and their demand is mainly influenced by safety, profitability, and liquidity. Due to the low security, profitability, and liquidity of China's corporate bonds, they are not attractive enough to investors of the main demand body, showing the characteristics of low demand.

2. Micro

(1) Business environment

Bond business is subordinate to the investment banking business of securities institutions. The investment banking business mainly provides corporate financial services to institutional clients, including stock underwriting and sponsorship, bond underwriting, merger and reorganization, other financial advisory services, and financial innovation services. In 2019, "reform" became the key word in capital markets. The official opening of the science and innovation board, the loosening of the refinancing, merger and reorganization of listed companies, the request of opinions on the issuing and underwriting policies of the New Third Board, and the deepening reform of the Growth Enterprise Board have brought new opportunities to the market. The investment banking business of Soochow Securities adheres to the strategic policy of seek improvement in stability, strictly controls risks, highlights the main business, grabs opportunities, innovates the development and risk control compliance, builds the whole industry and all-round value chain around the core customers, and comprehensively promotes the development of the real economy. As shown in the table below during the 2019, the company's investment banking revenue reached RMB (the name of the Chinese currency) 644 million, up 5.18% year on year. It accounts for 13% of total business revenue, ranking third. Is the main business activity of the company.

Business	Operating Income	Operating Cost	Cost Gross Margin (%)	Operating Income vs. Year-on-ye ar (%)	Operatin Cost vs. Year-on-ye ar (%)	Gross Margin vs. Year-on-year (%)
Brokerage and wealth management business	1,386,507,967.92	974,255,878.05	29.73	27.25	22.81	<i>That's an increase of 2.53 percent</i>
Investment banking	643,579,876.81	402,125,270.79	37.52	5.18	4.72	<i>That's an increase of 0.28 percent</i>
Investment and trading business	2,399,335,495.19	1,497,525,709.50	37.59	49.70	5.89	<i>That's an increase of 25.82 percent</i>
Asset management and fund management business	77,282,174.85	460,522,495.45	-495.90	-59.93	24.20	<i>That's a reduction of 403.67 percent</i>
Credit transaction service	629,508,267.14	151,051,708.09	76.00	-2.95	-71.67	<i>That's an increase of 58.19 percent</i>



(2) Business scale

Since 2019, with the adjustment of regulatory policies and the continuous downward trend of market interest rates, the domestic bond primary market has witnessed a considerable growth. Soochow Securities fixed income business seize the opportunity of market development has achieved excellent performance, giving full play to the advantages of the company base, continue to deepen the strategic cooperation with the local government, local large state-owned enterprises and local banks, adhere to serve the local economic development and the real economy, In 2019, the company's total principal underwriting of all kinds of bonds was 74, with a total issuing scale of 92.62 billion yuan. The total underwriting scale of all kinds of bonds ranked the 24th in the industry, among which the corporate bond underwriting scale ranked the 14th in the industry. In the base market, the underwriting scale of corporate bonds of Soochow Securities ranked first in the market of Jiangsu Province, first in the market of Suzhou, Xuzhou and Nantong, and third in the market of Wuxi.

By the end of February 2017, Soochow Securities had completed 124 bond projects of various types, with a total financing of over 100 billion yuan. The successful examples of the five bonds issued are as follows:

The issuer	Issuance scale (ten thousand yuan)	Release time	Release rate

Wujiang Economic and Technological Development Zone Development Corporation	150.000	2012.12.27	6.88%
Taicang City Construction Investment Group Co. Ltd	160.000	2013.01.11	6.75%
Changshu Communications Public Assets Management Co. Ltd	230.000	2014.04.29	7.00%
Peixian City Investment and Development Co. Ltd	90.000	2015.11.10	5.20%
Rudong Kaitai City Construction Investment Co. Ltd	120.000	2016.01.08	4.57%

5 Problems in the bond business of Soochow Securities Company

5.1 Internal problems of the company

5.1.1 Unskilled business operation caused by unreasonable allocation of human resources

In order to ensure that the staff of all departments of the company can carry out the basic work properly according to the specific requirements, it is necessary to strengthen the control effect of human resource in all departments of the company, thus ensuring that the staff of all departments can carry out economic management work under the condition of mutual cooperation, so as to improve the economic development level of companies. But the phenomenon of unreasonable allocation of human resources may occur from time to time in the process of the development of all kinds of companies in China. If it is left unchecked, it will unavoidably lead to bond default in the development of the company, directly affecting the company's economic development. In addition, the debt problem in each period will continue to deteriorate, giving very bad impact on the position and comprehensive development of relevant companies in the economic market.

In terms of business operation, the insufficient allocation of human resources leads to the uneven assignment of tasks, the unskilled operation of personnel, the unfamiliar operation process, and the unqualified professional knowledge. In the issue and underwriting of bonds, due to improper business operations, the issue of bonds is blocked and sales are restricted frequently. The slow issuing speed caused by the unfamiliarity with the personnel operation process is also a problem that Soochow Securities faces in the bond business.

5.1.2 The inefficiencies of the risk management organizational structure of Soochow Securities

Soochow Securities has established a four-level risk management organizational structure composed of the board of directors and its risk control committee, the company's management and its risk management committee, risk management functional departments, departments and branches.

Soochow Securities is a rapidly expanding company in bond business. In the pursuit of development speed, it often ignores the management of risks. In some cases, even when the company discovers the potential risks, it still takes chances and insists on issuing bonds only for the sake of the company's development speed and scale. Consequently, the company, to some extent, only lays emphasis on the form of the company instead of the essence of development. In the long run, risk management will be the most important guarantee for the long-term development of the company, and this point should be established from the level of corporate culture first. The company should find a balance between speed (business rotation) and risk control.

5.2 External Problems

5.2.1 Increase in bond defaults

The reasons for bond default are mainly as follows: one is that the listed company that issues bonds fails to pay interest on time due to cash shortage or insufficient liquidity caused by poor operation of other businesses; the other is that the listed company issuing bonds deliberately breaks the contract, delays the payment or fails to pay the interest and principal. Under the impact of the epidemic, the financing scale of the bond market increased, and the capital turnover of small and medium-sized enterprises was insufficient, and their solvency was reduced. And if in the process of responsible investigation, the enterprise subjectively conceals something from the securities company, or the securities company fails to accurately and completely investigate the relevant important information of the enterprise, the debt repayment problem is easy to occur. If the bond defaults, investors will suffer big losses. On the one hand, Soochow Securities acted as the lead underwriter and assumed the responsibility of due diligence and information disclosure during the bond issuance process. If the due diligence on the bond issue fails to uncover problems, or the information is not disclosed in a timely manner, resulting in problems at the later stage of the project, the company may be subject to administrative penalties. On the other hand, Soochow Securities still assume follow-up regulatory responsibilities in the bond issue. If the project goes wrong, Soochow Securities may face the corresponding joint liability.

5.2.2 Strong legal control and poor bond liquidity

In the face of the epidemic, although China provides some favorable policies for corporate financing, the corporate bond issuance market still has obvious regulatory characteristics. In the issuing process, the issuance of bonds is subject to substantive examination and approval, which makes it difficult to adopt financial instruments beyond those permitted by laws and regulations, thus severely restricting the innovation of bond varieties. At the same time, the price of bonds, the behavior of securities management institutions, the issuing objects and the issuing areas are also subject to control.

The capital market is greatly affected by the policy. On the one hand, the bond business of Soochow Securities is built on the premise that the bond financing demand is large and the policy allows. If the government tightens the bond issuing policy, the bond market will shrink and the potential customers of the company will be seriously reduced, thus leading to a substantial reduction in the scale of the company's bond business. On the other hand, there is an obvious corresponding relationship between the bond financing demand and the change of macroeconomic policy. If the national macroeconomic policy changes and for example, the government adopts tight monetary policy, this may increase the financing difficulty of the issuer and the bond financing interest rate, also leading to the decrease of the bond demand and bringing losses to the company.

Compared with the issuing market, the circulation market of corporate bonds in China lags behind seriously and lacks a unified and effective circulation market. An important feature of financial products is liquidity, and poor liquidity means increased risk. If the corporate bonds investors purchases cannot be listed and circulated, they cannot adjust the direction of their funds according to their own needs, because of the lack of liquidity. In this case, investors are reluctant to buy and trade corporate bonds, and the corporate bond market loses its basis for development.

5.2.3 Information asymmetry of corporate bond market

In the system of market economy, enterprise debt financing comes mainly from bank loan financing and corporate bond financing. However, the phenomenon of information asymmetry between creditors and borrowers often occur in the corporate bond market when creditors lack the complete information about borrowers' risk preference, credit level, profitability, investment opportunities and efforts, etc. Usually it occurs at different stages of financing with the different corresponding consequences. Moreover, the methods of handling information asymmetry in the corporate bond market differ from that of bank, displaying its own characteristics.

Firstly, the information asymmetry between investors and issuers will lead to the adverse selection made by investors at the bond issuance stage. Insiders of enterprises have an incentive to shoddy and exaggerate or inflate the past performance of the enterprise and future profit opportunities, because the yields of bond are positively correlated with their risk levels. Since investors do not have all the information about the business of enterprises and it is thus difficult for them to directly identify the credibility of information provided by enterprises with bond insurance, they are usually faced with two choices: one is to decline to invest, which not only rejects the investment in high-risk poor enterprises, but also rejects the investment in low-risk good enterprises; the other one is to increase the average level of the required return on investment to compensate for the risk caused by information asymmetry. In this case, low-risk issuers, unable to get a fair price, are forced out of the market and turn to other sources of financing, and conversely companies with high-risk can attract investors with higher yields. In other words, when the yield of the bond market rises due to information asymmetry, good companies with low risk are squeezed out of the market, and investors tend to choose the companies with higher risk in the end.

Finally, information asymmetry will reduce the efficiency of creditors' liquidation decisions when the borrowing company is in financial difficulties. As a result of information asymmetry, creditors cannot distinguish the real financial condition of the borrowing enterprise in financial difficulties: could it survive the crisis? Is it in liquidity difficulty just temporarily? Or it is impossible at all for the enterprise to go through the financial difficulty. If the answers to the first two questions are both yes, the creditors' efficient decision is not to liquidate the company, helping it go through the temporary financial difficulties by additional investment. On the contrary, for the last situation, the creditors' efficient decision is to liquidate the firm immediately. However, for borrowing enterprises, especially the managers

of the enterprises, from their own interests, they are always inclined to get additional investment to maintain the operation of the enterprises. Therefore, when the creditors have incomplete information about the enterprise with financial trouble, there is a conflict of interest between the enterprise and the creditors. In this case, enterprises which is in a position to survive may not get financial support and be forced to liquidate, while the very weak enterprises may get funds and not be liquidated, which reduces the efficiency of creditors' liquidation decisions.

6 Suggestions to solve the problems existing in the bond business of Soochow Securities Company

6.1 Strengthen personnel training and rationally allocate human resource structure

In the process of development, the company needs to do a good job of personnel mobilization and strategic planning in accordance with the corresponding market requirements and develop a rational allocation of human resources, so as to improve the company's economic benefits and debt control level. In order to effectively solve the problem of unskilled personnel in business operation in the development process of Chinese companies, it is necessary to require relevant departments to formulate reasonable human resources structure under the condition of considering the market economy construction mode of the company, and properly deal with the inadequate operation of corporate bond personnel under the support of reasonable human resources treatment results. This would solve problems such as improper personnel operation, unfamiliar business process, blocked issuance, and limited underwriting, etc., and would ensure the certainty of the company's operation and highlight the effect of all kinds of bonds. In addition, there is a close relationship between the company's human resource organization and its personnel business operations, so it is necessary to optimize the company's personnel operation efficiency and bond business operation effect by adjusting the existing human resource structure of the company, and then effectively adjust the company's bond default and economic development loopholes. The company should commit to realistic role of strategic guidelines in each period and promote the healthy and stable development of various businesses while solving the problems of personnel allocation and business operation of the company.

6.2 Optimize the organizational structure of risk management and establish a substantive core risk management system

Based on the analysis made above, it is necessary to optimize the overall risk management framework of bonds business in Soochow securities due to the problems existing in the risk management of bonds business in Soochow securities. The improvement scheme for the risk management includes determining the overall objectives and principles of risk management improvement, optimizing the risk management organizational structure, specifying the risk management process and improving the specialization of risk management. At the same time, special effort is made on optimization of the organizational structure of Soochow securities because of the incomplete organizational structure in the bond business risk management. With these methods mentioned above, Soochow securities will be in a position to allocate working staff fully in place.

The Group's risk management can be carried out in a scientific way and effectively by clarifying all links and implementing contents of risk management and adopting the basic work methods of overall risk management, such as goal setting, event identification, risk assessment, risk response, control activities, information communication and reporting.

6.3 Improve the due diligence system

The due diligence system includes pre-loan investigation and post-loan review. In the investment of non-equity securities, Soochow Securities should carry out necessary due diligence on the bond issuer and counterparty, study the ability of debt paying and performance of the bond issuer and counterparty, and avoid the risk of default of payment. In the credit business, the company should strengthen the due diligence in advance, understand and evaluate the project risks from many aspects such as the credit status, fund use, repayment source and credit enhancement measures of the integrated party, and submit the comprehensive project feasibility analysis report and due diligence report to provide support for the company's business decision-making. In the bond business, the firm ought to track the profitability of bond issuers continuously, strictly implement post-loan review, improve the responsible investigation system, and closely supervise the operation of bond issuers.

Perfection of due diligence can effectively reduce the problem of corporate debt repayment default caused by incomplete due diligence, and to some extent reduce the loss and reputation impact caused by corporate default. The timeliness of due diligence can find and solve problems in the first time when problems are encountered.

6.4 Expand the corporate bond issuance quota and make the marketization of the interest rate of corporate bond issuance

On the one hand, and because of the epidemic, most enterprises are in urgent need of financing. On the other hand, with the development of China's securities market and the advancement of economic system reform, the scale of corporate bonds issuance could be expanded helping to resolve the current situation of short supply of funds. On the structural control of corporate bond issuance quota, on the one hand, the company should continue to maintain the demand of some key state-owned enterprises to issue bonds, and on the other hand, company can arrange part of the quota for some other enterprises with good business performance but lack of funds. Chinese government management should follow the trend of steadily expanding quotas and actively create conditions for the transition to a registration system, that is, all bond business should have a record in China Securities Regulatory Commission (CSRC).

In China, interest rates are usually controlled by China's central bank and in the United States they are regulated by the Federal Reserve. So far, all countries regard interest rate as one of the important tools of macroeconomic control. Market interest rate is the interest rate formed under the conditions of competition and negotiation between borrowers and lenders in the

capital market under the intervention of a country's government in different degrees. This kind of interest rate should well reflect the principle of competition, promote the rationalization of social resources allocation and maximize social benefits. The marketization of interest rate of corporate bond issuance means that the interest rate of corporate bond issuance must be determined strictly in accordance with the supply and demand of the market and its own credit conditions, operating conditions, solvency and other factors. It can not be determined by an administrative plan.

6.5 Governments should take action to reduce information asymmetry in corporate bond markets

As an important part of the capital market, corporate bond market is very important for the development of the whole financial market. The problem of information asymmetry is the key to determine whether the corporate bond market can play its role normally. In order to promote the development of the corporate bond market, it is necessary to systematically reduce the information asymmetry between the issuers and investors. The main way to solve the information asymmetry in the corporate bond market is to ensure that most investors can obtain the standardized information about the enterprises through the construction of financial market infrastructure and institutional arrangements. Therefore, the role of government in the corporate bond market is vital, because the government's improper intervention may deteriorate the phenomenon of information asymmetry between issuers and investors, hindering the development of corporate bond market.

Since governments play an important role in reducing information asymmetry in the corporate bond market, they can take measures to reduce the information asymmetry between issuers and investors by formulating and implementing a series of laws, regulations, and institutional arrangements, as well as improving the construction of financial infrastructure, so as to protect the interests of investors, improve the efficiency of fund allocation in the bond market and reduce the risks of the financial system.

The important condition for the existence of corporate bond market is that the market participants can perform the contract immediately without deviation, but it is difficult to protect the rights of investors only by relying on the contract, so the law is needed to enforce the execution of the contract. The government should promote the proper formulation of the securities regulation and the company law to control the behavior of market participants, clarify the rights and obligations of each participant and the legal responsibilities to be borne in the form of law, such as requiring bond issuers to disclose complete and accurate information and punishing accountants, auditors and investment banks for recognizing false information, internal trading and market manipulation are prohibited.

In the corporate bond market, the application of appropriate and standardized accounting and auditing standards is an indispensable prerequisite to promote the information disclosure of

enterprises with bonds issuance. The government should formulate accounting and auditing standards and require bond issuers to follow them strictly to disclose and explain the revenue performance from the past and in the future, debt repayment ability and other information. Only by offering investors the access to comprehensive and accurate corporate information can they make correct investment decisions.

7 Outlook

Compared with foreign countries, China's securities industry is deficient in both industry norms and market system. In the future, China's securities industry will be more standardized and the financial market will be more sound. In the international aspect, the firm should broaden the firm's vision and open up the world. In the process of economic integration, the financial market must open to the rest of China to the world. China's financial market is creating a good environment for the development of the securities industry, and this will also spawn face more opportunities and challenges.

For Soochow securities, Soochow securities should also pay attention to innovative financial services when carrying out bond business. The company should continue to promote the development of financial technology under the strategic policy of business guidance and technology empowerment. Soochow securities should improve the information technology infrastructure and safe operation, and realize the innovative development of bond business by enhancing its independent R & D capacity and encouraging the application of emerging technologies.

At present, Soochow securities has completed the construction of a number of industry-leading information systems such as a new generation of centralized trading platform, data and technology center, Xiucai wealth management app, a new generation of CRM (Customer Relationship Management), comprehensive risk management platform and large investment bank management, so as to improve the core competitiveness in key technical fields such as hybrid cloud infrastructure, big data analysis and governance and intelligent service system. Provide customers with a more convenient service experience.

In the future, Soochow Securities should combine the bond business with innovation and technology, positioning customer groups more accurately, handling the bond business more convenient, and improve work efficiency. At the same time, Soochow Securities will also carry out foreign business, such as providing financing services for Spanish companies in China. The business is diversified, standardized and efficient, so as to better provide customers with comprehensive and professional services.

8 Conclusions

China's capital market has experienced more than 20 years of development, and its impact on China's economy and society is also increasing day by day. As the main body of capital market activities, securities companies have the characteristics of high returns. However, the 2008 financial crisis fully revealed the huge crisis lurking behind the high returns of securities companies, and they have realized the importance of risk prevention. Effective risk management can maximize the protection of securities companies' capital safety and investment returns.

With the enhancement of innovation in China's financial market, bond financing is developing rapidly, and bond business has become an important part of securities companies. With the continuous expansion of the bond market and the continuous improvement of the regulatory system, the bond business of Soochow Securities Company in China is coping with many development opportunities and growing problems. This paper starts with the current situation of the bond business of Soochow Securities Company, and discovers that the bond business of Soochow Securities Company has developed very fast, forming a large scale within just two years. However, it is also discovered that there are some problems existing in the bond business of Soochow Securities Company. The conclusions of this paper mainly include:

First, the problems existing in the bond business of Soochow Securities in China. They are respectively: unskilled business operations due to unreasonable allocation of human resources, imperfect organizational structure of risk management, increased defaults in the bond market, poor bond liquidity due to the strong legal control, and information asymmetry between bond issuing company and bond market, etc.

Second, this Master Thesis analyzes the corresponding improvement scheme for the problems existing in the bond business of Soochow Securities in China. Soochow securities can solve the existing problems by means of the following measures: strengthening the reasonable allocation of human resources structure through personnel training, optimizing the organizational structure of risk management by establishing substantial risk management system, improving the system of responsible investigation, expanding the size of corporate bond issuance and marketizing the interest rate of corporate bond issuance. Besides, the responsibility of the government is high as a good regulation could help to reduce the problem of asymmetric information.

Although this paper has made an in-depth study on the problems existing in the bond business of Soochow Securities in China and arrived at the corresponding solutions in details, there are still some deficiencies in this paper due to the limitation of time, the limitation of the author's knowledge level and the validity of data sources. First, when analyzing the current situation and problems of bond business from Soochow Securities, the information and data comes from the employees working with the company, which is subjective to a certain extent. Second, due to the confidentiality nature, it is difficult to obtain complete

information about a particular project being operated by the company, and therefore it is impossible to explain the operation process of the business accurately or in detail. Third, due to a long-time span, there are still more uncertainties in making the future plans of the bond business. Therefore, in the specific implementation process, Soochow Securities needs to constantly adjust and improve the corresponding scheme proposed in this paper according to the changing market environment.

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