Research on Stock Pledge Risk Control in Securities Companies

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Abstract: Securities companies have their own unique advantages in carrying out stock pledge financing business, and are also in a leading position in stock pledge financing business. However, it should also be noted that with the expansion of the stock pledge financing business, stock pledge risks are also gathering. In this case, it is very necessary to study the stock pledge risk of securities companies. This paper first analyzes the risks existing in the stock pledge financing business of securities companies, and then puts forward measures to strengthen stock pledge risk management in securities companies.

Keywords: Securities Company; Stock Pledge Risk; Risk Management

Introduction

Stock pledge financing is a financing method for financiers to pledge stocks. In terms of stock pledge financing, securities companies have unique advantages and have achieved rapid development. However, with the continuous expansion of the stock pledge financing business, the stock pledge risk of securities companies is also constantly gathering, which has attracted the vigilance and attention of relevant regulators. In this case, how to prevent, control and avoid the risk of stock pledge has become an important issue that securities companies must face.

1. Risk analysis of stock pledge financing business of securities companies

1.1 Market risk

The so-called market risk refers to the possibility of losses caused by changes in market factors. The market risk of the stock pledge financing business refers to the possibility of losses to securities companies due to the decline in the value of pledged stocks due to changes in stock prices. The market risk of stock pledge financing business is mainly related to systemic risk and valuation. Generally speaking, changes in regulatory policies, interest rate policies, exchange rate policies and the internal and external environment of the securities market may trigger market risks and lead to risk exposure of stock pledge financing business. In the process of handling the stock pledge financing business, market risk is mainly reflected in the following aspects: first, there is no selected financier's industry, and the failure to effectively circumvent the restricted industry, resulting in the black swan incident; second, the due diligence of the financier and the enterprise belonging to the pledged stock is not in place; third, risk control measures The setting is unreasonable.

1.2 Credit risk

Credit risk refers to the possibility of losses to the other party to the transaction due to the failure of one party to perform on time. The credit risk of the stock pledge financing business refers to the possibility that the financier fails to repay the funds on time, resulting in losses to the relevant participants. In the process of the practical handling of the stock pledge financing business, credit risk is mainly reflected in the following aspects: first, due diligence is not in place, resulting in the risk control measures set by securities companies not working fully; second, the performance problems of financiers are not solved in a timely manner after the risk exposure.

1.3 Liquidity risk

The so-called liquidity risk refers to the possibility that the transaction cannot be completed at an ideal time and thus insolvent. The liquidity risk of stock pledge financing business refers to the possibility that securities companies do not be able to obtain sufficient funds in time to meet their cash payment obligations. In the process of the practical handling of the stock pledge financing business, liquidity risk is mainly reflected in the following aspects: first, the sharp decline of the target stock exceeded expectations, resulting in the market value of the pledged stock exceeding the warning line, and it is difficult for the financier to fill the pledge value gap in time; second, the financier failed to repay the funds on time, and the pledged stock office It is difficult to transfer in 1.4 Operational risks

The so-called operational risk refers to the possibility of losses due to imperfect internal control systems, employees not performing their duties strictly, business system failures, external force majeure and other factors. For the stock pledge financing business, operating risk mainly refers to the possibility of losses in securities companies due to imperfect internal control systems and artificial illegal operations of securities companies. In the process of the practical handling of stock pledge financing business, operational risks are mainly reflected in the following aspects: first, the operation instructions of the securities company' business system are not communicated in a timely manner, and the relevant staff do not perform their duties strictly; second, the risk exposure is caused by unreasonable risk control measures, and the pledged stocks are not disposed of in a timely manner; third, the pledged stocks The ticket was not registered as a stock pledge.

2. Measures for securities companies to strengthen stock pledge risk management

2.1 Prior management

When carrying out the stock pledge financing business, securities companies must do a good job in risk prevention through prior management, risk control through in-mortem management, and risk management through ex post management. Both of the three are indispensable. Among them, the purpose of prior management is mainly risk prevention. Specifically, the following points need to be done: First, improve the business operation system and process. When carrying out the stock pledge financing business, securities companies must further improve the operation system and process of stock pledge financing business on the basis of strict implementation of relevant regulatory regulations, so as to achieve full-process risk management; second, carefully select the underlying stocks. When carrying out the stock pledge financing business, the securities company must clarify and strictly implement the selection criteria for the financier, the enterprise to which the pledged stock belongs and the underlying stock; third, strictly conduct due diligence. When carrying out the stock pledge financing business, the securities company shall strictly examine the financiers and the enterprises belonging to the pledged shares, and conduct compliance reviews; fourth, conduct credit investigation of major shareholders. Since many financiers themselves are major shareholders of listed companies, their credit status will affect their repayment ability. Therefore, when carrying out the stock pledge financing business, it is necessary for securities companies to investigate the credit status of the major shareholders of the pledged stocks.

2.2 Management in the event

The purpose of management in the stock pledge financing business of securities companies is mainly risk control. In practice, the most commonly used stock pledge risk control indicators are the warning line and the position line. Among them, the warning line mainly plays an early warning role, and the closing line mainly plays a remedial role. Specifically, the following points need to be done: First, strictly determine the stock pledge rate. When carrying out the stock pledge financing business, the securities company must make a single discussion according to the industry of the enterprise to which the pledged stock belongs and the type and qualification of the enterprise itself, so as to effectively control the risk of the stock pledge financing business. The pledge rate of stocks of listed companies in different sectors is also different. Generally speaking, the pledge rates of stocks of listed companies on the main board, small and medium-sized boards and GEM companies are 50%, 40% and 30% respectively. Second, the warning line is strictly controlled. When carrying out the stock pledge financing business, securities companies must give full play to the early warning role of the warning line and set aside sufficient time for financiers to deal with risks. The minimum proportion of cordon is 135%, usually 150%-160%; the third is to strictly control the closing line. When carrying out the stock pledge financing business, securities companies must give full play to the remedial role of the closing line and set aside sufficient time for financiers to take remedial measures. The minimum proportion of the closing line is 120%, usually 130%-140%; fourth, it is to register the stock pledge. When carrying out stock pledge financing business, securities companies must register stock pledges in a timely manner in order to give full play to the regulatory functions of the industrial and commercial departments.

2.3 After-action management

The purpose of the after-action management of the stock pledge financing business of securities companies is mainly risk management. Specifically, the following points need to be done: First, continuous and comprehensive supervision of financiers. When carrying out stock pledge financing business, securities companies must ensure the hedging and appreciation of pledged stocks and prevent the moral hazard of stock pledge. Therefore, it is very necessary to continuously and comprehensively supervise financiers. Second, establish a risk early warning mechanism. When carrying out the stock pledge financing business, securities companies do not restrict the use of financing funds, and there are certain hidden risks. Therefore, it is very necessary to establish a risk early warning mechanism; third, improve the performance evaluation mechanism of business personnel. When carrying out the stock pledge financing business, in order to avoid the situation that business personnel privately lower the threshold of stock pledge financing due to their own interests, securities companies should improve the performance appraisal mechanism of business personnel and include compliance operation, process management, risk prevention and other indicators in the performance appraisal indicators, so as to enhance the Risk awareness to ensure the healthy development of stock pledge financing business; Fourth, improve the operation process of unlisted stock pledge financing business. Considering that a considerable proportion of the underlying stocks are non-tradable shares, securities companies will face valuation and risk control problems when handling such stock pledge financing business. Therefore, it is necessary for securities companies to improve the operation process of unlisted stock pledge financing in accordance with relevant regulatory regulations, so as to effectively promote unlisted stock pledges. Healthy development of financing business.

3. Conclusion

For securities companies, stock pledge financing is an important business serving the real economy. The key to its success or failure lies in its ability and level of stock pledge risk management. From this perspective, securities companies must take effective measures to effectively strengthen the pre-management, in-action management and ex-post management of stock pledge financing business, so that the risk of stock pledge is always within a control, so as to ensure the healthy development of stock pledge financing business.

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