

A FEASIBLE SPECIAL PURPOSE VEHICLE MODEL IN CHINA: DESIGN AND IMPLEMENTATION

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Abstract

In China's current capital market, the assets securitization is not acclimatized to the economy and legal system, and thus not being widely implemented. This paper discusses two possible models' feasibilities of special purpose vehicle in China's market. We found that the special purpose trust is likely to be the optimum choice for the assets securitization in China. We suggest that employing existing trust companies or establishing SPT based on the cooperation between the government and trust companies should be firstly considered for a better and healthier development of the capital market, as well as to avoid dramatically changing and challenging to the current operating economical and political system.

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JEL: G23, G28, K11

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1. INTRODUCTION

The essence of the asset securitization (hereinafter AS) is to achieve the optimum of the original asset liquidity through a securitized mechanism. For example, the mortgage loan in commercial banks is an asset but with low liquidity; however, after a process which consists of pooling, tranching, credit enhancement, credit rating and insurance, commercial banks are capable of developing and issuing tradable bonds (Fabozzi and Kothari, 2008). The original assets, in this way, are securitized, and this promotes the asset liquidity¹.

For financial institutions, AS can help improve the asset liquidity and accelerate the cash flow, so as to loan out more funds to demanders. In the capital market, the increase of the funds supply decreases the market financing prices, and this solves the problem that the cost of financing is currently high. Asset securitization, however, has some problems itself. It is difficult to protect the investors' benefits for two reasons: first, moral hazard, which means some original owners tend to sell their bad assets to shift the risk of their owns'; second, AS bonds and the operational risks from the original owners cannot be effectively removed. To solve this, the concept of bankruptcy remoteness must be introduced and implemented.

The main difference between AS and other financing instruments is the bankruptcy remoteness (Gorton 2007). It is the key to ensuring the efficient financing of AS and investors' returns. SPV is utilised to accommodate original assets for lowering the risks and promoting the true sales of the asset.

SPV, which builds a firewall between the sponsor (sometimes referred to as issuer or originator) and the investor, is crucial to asset securitization transactions².

As a Western financial import into China, AS has been researched from multiple academic perspectives in western countries. A comprehensive system has been designed and developed with clear standards and abundant cases based on AS practice. There are mainly two models of SPV: special purpose corporation (hereinafter SPC) and special purpose trust (SPT). These two models may have various manifestations according to the different legal system crossing countries, which means the model varies with regions and the practices: some countries adapt one of them; some may modify models by considering reality for better practice. The selection of the SPV model is critical as it strongly influences the cost of AS operation and its efficiency. For China, which SPV model should be selected depends on two elements: the model, first, should not only meet the needs of future financial development, but also work for the current market; second, the local economy and legal system. Only taking these elements into account, the SPV can efficiently work to protect investors' rights and interests.

The paper aims to illustrate an in-depth analysis of the two models of SPV under the context of the real practice in China in accordance with its economic and legal system. We found the special

¹ The enhancing liquidity, as a corollary of asset securitization, means to convert future cash flow into current cash flow, or to convert illiquid assets into the liquid one.

² See Steven L. Schwarcz (1994), The utilisation of SPV and bankruptcy mechanism differentiates AS from other forms of financing, through SPV from the originators to take stock of the original assets and issuance of asset-backed securities to ensure sponsor's bankruptcy will not affect the normal operation of SPV, will not affect the cash flow the asset pool, make the bond paid less under the influence of basis of asset liquidity for all.

purpose of trust (SPT) is the optimum model for China at present, and this model does not require a radical modification of the current operating system. It is difficult to introduce data model and statistic methodology for further analysis as the AS practice is still on the rudiment stage, and not many data sources can be detected.

The following sections are as below. Literature review introduces some different voices of the AS model selection in China; section three first tells the differences between two SPV models and then indicates that SPT is the best and highly practical model while considering the economic and legal system situation. Section four lists some barriers of the implementation of SPT model, and the last section analyses which financial institution is suggested to be the SPT in China and some recommendations are also made.

2. LITERATURE REVIEW

Many studies have already discussed the optimum selection of AS model. Kanda (1997) indicates that offshore SPC model is utilised in Japan, to reduce costs and eschew regulation. Ashman (2000) and Belmontes (2004) suggest SPC agencies should be established in the Cayman Islands for reducing taxes and costs. Gorton (2007) mentions a purpose trust (called a STAR trust in the Cayman Islands) is a trust set up to fulfill specific purposes rather than for beneficiaries. For many transactions, there are benefits if the SPV is domiciled offshore, usually in Bermuda, the Cayman Islands, or the British Virgin Islands. Tien and Seow (2004) note that securitisation of housing mortgage loan in Singapore utilised offshore ABN model.

No consensus explores the most suitable AS model in China because of the rare practice in the past decades. Wang (1999) indicates that large banks or brokerages should take the role of SPV based on his observation on the early stage of AS in China while Wu (2001) thinks the Chinese government should set up an SPV institution for AS of commercial banks. Both of them, however, only draw a possible framework from a more macro-level perspective but the lack of detail description of why the selection should be made.

As the core of AS is bankruptcy remoteness under the protection of the legal system, more studies focus on analysing the legal mechanism in China to try to explain the AS model selection. Yin (1999) states that the China's current legal system cannot effectively protect SPV institutions such as securities companies and commercial banks. Zhao (2004) further analyses bankruptcy remoteness of SPC confronts with legal obstacles under the current legal system. Yu and Wang (2010) argues that SPT would work better in China from a legal perspective and thinks that reconstructing the existing trust companies and improving the legal system can meet the requirement of bankruptcy remoteness. Luo (2013) considers SPT as the optimum model in the following decade, but more focus should be put on the construction of SPC system.

Most of the previous studies discussed the option of AS model from a legal or theoretical perspective but the lack of consideration of the practice and applicability of AS model. This is the key point in this article.

3. THE SPV MODEL CHOICES IN CHINA

The core of AS is whether SPV can efficiently play its role of bankruptcy remoteness. The design and construction of the legal form of SPV are strongly influenced by a nation's legal system, taxation system and the developmental process of the securities market. Hence, which SPV model should be adopted is based on a multiple consideration including economy, laws, and institutional policies. These considerations can help to create a sustainable environment for the AS system and ensure bankruptcy remoteness fully functional.

The legal form for an SPV, based on the current practice and relevant legislations in different countries, may be a corporation, a trust, or a limited partnership (Gorton 2007). A corporation means a legal entity - a special purpose corporate (hereinafter SPC) - which is created in the legal form of a company. The main advantage of SPC is to securitise the underlying assets of one or a group of originators, enlarge the asset pool, and dilute the high cost of initial issuing of securitisation transactions. However, it is difficult for an SPC to deal with the double taxation problem³. Special purpose trust (hereinafter SPT) is most commonly taken by the SPV in securitization, which is created in the legal form of a trust⁴. Once the original owner transfers his/her securitised assets to an SPT, the fiduciary relationship is formed. The SPT, as the issuer of asset-backed securities, can issue the certificate of trust income to investors. The third legal form is a limited partnership. The general partner purchases underlying assets from the partner and finish the AS, but the general partner only bears limited liability for the debts. Currently, only some countries (such as the United States) choose the legal form of a limited partnership for their SPV model, such as the United States; however, this model is not working in China as its legal system does not recognize this form of corporation. First, we will discuss the feasibility of SPC model in China.

SPC is a shell company which is specially set up for AS. In China, its registration and operation are strictly limited by a series of laws and regulations including Companies Law of the People's Republic of China, The Enterprise Bankruptcy Law of the People's Republic of China and others. There is no feasibility in China to adopt SPC model for several reasons.

First, the concept of capital credit is embodied in the whole Companies Law of PRC system. From the capital company system to the form of shareholders' contribution, there is a strong focus on the capital credit. Considering the underlying conditions and requirements of establishing a company, Company Law regulates the minimum

3 An investment trust that issues pass-through certificates is tax neutral. To maintain this tax-neutral status, it is important that the SPV not be reclassified as a corporation. To avoid such reclassification, the trustee must have no power to vary the investments in the asset pool, and its activities must be limited to conserving and protecting the assets for the benefit of the beneficiaries of the trust. See Kramer (2003).

4 A trust is usually considered as a legal construct in which a fiduciary relationship is created with respect to some property. A trustee then has duties to perform for the benefit of third party beneficiaries...often the SPV is a charitable or purpose trust. These traditional trusts have been transformed into a vehicle with a different economic substance than what was perhaps contemplated by the law.

capital of setting up a company⁵. This aims to confirm first, that a company is capable of being well-operated and well-obliged based on its real capital, and second, to protect creditors' interests. Additionally, the Securities Law of PRC rules that funds which are raised for publicly issuing corporation bonds must be used for the approved purpose instead of covering the deficit and non-productive expenditures⁶. As the shell structure of a standard SPC, an SPC is not permitted to acquire the status of the legal person and impossible to be qualified to issue securities and bonds.

Second, in accordance with the international practice, the business scope of an SPV is limited in securitization activities, which is a part of the financial sector, but the relevant financial regulations in China strictly limit financial businesses in registration capital and licensing, and separated operation. This causes the current commercial banks, securities investment companies, and insurance companies having no qualifications to establish an SPC. Moreover, looking at the fiscal and taxation systems, current-using accounting standards and tax system in China, in comparison with the AS-related systems in developed countries, are different. The primary distinction between these two systems is a lack of financial and tax policy preferences for setting up an SPV in China.

Last, according to The Enterprise Bankruptcy Law of PRC, once a company is declared bankrupt, all of its assets must be used to pay off the debt owed⁷. If a company whose main business is not focusing on AS acts as an SPC, the securitised assets are strongly influenced by its financial and operational performance and the effects of bankruptcy risk. This means the bankruptcy remoteness cannot be ensured, and the benefits of investors and creditors will be damaged (Chen 2005). Therefore, the SPC model, when being utilised to work effectively within the current legal system, the financial institutions and enterprises in China, is facing many obstacles and changes and is not feasible (Sun 2001).

For SPT model, trust system with the embodied functions of bankruptcy remoteness and rights reconstructing - must obey the principle of "being trusted, complying with the promise, and financing for the trustor", to provide a reassuring system for managing the external property for investors. This can meet the essential requirements of the bankruptcy remoteness in AS. The trust system first segments the properties of asset management and interests and second remotes the properties of rights and interests. Accordingly, there is no need for beneficiaries to undertake the responsibility of property management and they can benefit from the future profits of the property. A trust system, if feasibly utilised, can meet the needs of bankruptcy remoteness and true sales of AS, which is the essence of an advanced property management system (Schwartz 2003). In China, although the Trust Law does not explicitly regulate how to deal with the issues of setting up an SPV in a form of trust. Considering the current legal system and

practice, SPT model should be a highly possible option.

According to The Trust Law, trust property differs from the inherent property of the trustee; meanwhile, the law also requires the trustee to manage and finish accounting of the entrusted property separately. Trust property, as an independent property, can help to complete bankruptcy remoteness⁸. Furthermore, Article 15 and 52 in Trust Law regulate that once the originating institution establishes SPT, trust property will be independent of both trustor and trustee's property. This removes the risk which may arise from the sponsor and the trustee. Under this condition, the creditor has no request rights for the securitised assets while beneficiaries' interests are protected (Chen and Zhang 2003). The SPT, in this process, plays as a protector which sets up a firewall between the sponsor and the beneficiary, to prevent the latter from the risk⁹. Finally, Trust Law also regulates that trust property cannot be enforced and set off, which further strengthens the isolation between the underlying assets and the trustor and trustee¹⁰. Hence, separation of securitised assets by using the trust can enable specific assets to be with individuality, exclusiveness, and long-term planning function, this can improve the implementation of SPV and promote the AS operation. Considering the existing legal system in China, SPT is suggested to be implemented for bankruptcy remoteness of AS (Liu 2007).

In addition to effectively achieving the objectives of bankruptcy isolation, the establishment, existence and termination of an SPT are easy and convenient - which helps to reduce the cost of financing. According to China's Trust law, as long as there is a legitimate purpose, specific trust property and being expressed in writing form, the trust can be established¹¹. The establishment does not need administrative approval but registration. The internal governance structure of a trust is simple; after the establishment, there is no requirements for audit and annual inspection; when the trust terminates, there will have already agreed or legal ownership of the property and no need to liquidate. In addition, under China's tax system, if the SPC model is selected, the problem of double taxation will arise, but using the SPT model can effectively avoid this. Under China's tax system, using SPT model only needs to levy revenues from the trust beneficiary; the SPC model, however, levies company income tax from the SPC institutions. Therefore, under the legal system in China, the SPT is the optimal model of AS.

4. LEGAL ISSUES OF SPT MODEL IN CHINA

The central concept which legislation of AS follows in China is "piloting and regulating while legislating", but as a sophisticated structured financing, the effective operation of AS must be reliant on a well-designed legal system. The SPT model is not suggested in China for two main

5 Company Law of the People's Republic of China (2013 Amendment), Article 23.2 and Article 27.

6 Securities Law of the People's Republic of China (2005), Article 16.6.

7 Enterprise Bankruptcy Law of the People's Republic of China (2006), Article 30.

8 Trust Law of the People's Republic of China (2001), Article 2.

9 Trust Law of the People's Republic of China (2001), Article 15 and Article 52.

10 Trust Law of the People's Republic of China (2001), Article 17 and Article 18.

11 Trust Law of the People's Republic of China (2001), Article 8.

reasons. First, the trust property ownership is not clear. The issue that Trust Law cannot clarify the property owner has extended into the AS practice in China. According to the Trust Law, the behaviour of transferring the trust property from the trustor to the trustee is described as “entrust”; meanwhile, Administrative Measures for the Securitization of Credit Assets (hereinafter AMSCA) also uses the word “entrust” to identify the behaviour of promoter institution transferring the credit assets to a trustee institution. Generally speaking, “entrust” does not result in a transfer of property ownership, but when describing the transfer of credit assets in securitisation, “entrust” is still used. This indicates that the transfer of credit assets is somehow secretive in China’s relevant legislation.

AMSCA regulates that trust property is the trust assets which the trustee institution takes by funding the trusts, it is independent of self-owned assets of SPT. When SPT is clearing up accounts, SA assets cannot be liquidated and putting into SPT assets. These provisions determine the independence of SA assets from certain aspects but do not specify the ownership of SA assets right. When analysing the responsibilities of securitization participants, the SA assets owner still cannot be specified¹². However, according to the “Trial Notice Concerning for Relevant Issues of Registration of Mortgage Change in Securitization of Individual Housing Mortgage Loan” issued by Ministry of Construction of the PRC (now renamed as “Ministry of Housing and Urban-Rural Development of the PRC (MOHURD)”) in 2005, the creditor of credit assets of trust property is the owner of the credit assets of trust property.

Although Trust Law and AMSCA have been avoiding regulating the ownership of trust property in China, when putting into practice, the owner of trust property needs to be identified in securitization transactions, and thus, this requires a thought that practice resolves the theoretical problems. Such “forced practice” help clarify the owner of trust property for a special purpose and this terminates the academic debate of the ownership of trust property. The phenomenon mentioned above has partly met the need of asset transfer of securitization but not in accordance with the requirement of Trust Law. These different – sometimes conflicting or contrary – policies from several government departments are not conducive to the development of China’s asset securitization (Yin 1999).

The second issue of the current securitization system in China is there is no established regulation system focusing on asset credit (Xudong Zhao 2003). The securitization, which is innovative and differs with the traditional financing methods like stocks and bonds, is not based on the synthetic credit of a company but the credit of securitised assets. Non-superiority assets of enterprises with good synthetic credit may not be able to be securitized while superiority assets of enterprises with relatively poorer credit could be securitised. The corresponding legal regulations, therefore, should be designed according to asset credit instead of still using the traditional financing methods which put the synthetic credit of the company as the primary

consideration. Looking at China’s present laws and regulations of asset securitization, it does not establish a credit-based regulation system yet. According to Measures for Supervising and Administrating the Pilot Securitization of Credit Assets by Financial Institutions (MSAPSCAFI), the sponsor’s institutions for the securitization of credit assets is required to have good social credit standing and operational performances, no major illegal or irregular act within the latest three years, and a good corporate governance structure, as well as a risk management and internal control system. The emphasis on the sponsor’s credit, for one, is likely to mislead investors to focus too much on the synthetic credit of the sponsor and take this as the guarantee of Asset-Backed securities. This apparently does not meet the securitization trading structure. For the other, this may also lead the dilution of regulating the underlying assets. The underlying asset of the sponsor is the core of the whole securitization process, if focusing more on the synthetic credit, attention to the poor quality of the underlying assets would be distracted to some extent.

Additionally, the existing legal system is often likely to hinder the financial innovation, but the law would accept the reality of economic reform and later legitimizes and promote its development. Asset securitization in China has been introduced over 10 years, but so far there is no relevant legislation instead of many administrative regulations. China is in the period of financial system reform and development, if rushing to enact the statute law of securitization, it would be hard to commensurate with the financial markets because of the time lag. However, it would be detrimental to the development of the asset securitization if there is no law for regulating.

5. SELECTION OF THE VEHICLE

It is the key to ensuring the smooth implementation of asset securitization to select which financial organization can act as the SPT. There are some different views on this issue at present. First is that SPT can be established by the sponsor itself, for the sponsor has a better understanding on its asset and this form helps to improve the efficiency of the transfer of assets and reduce transaction costs. But there are two problems by doing so: one is that because of the relation between the parent and subsidiary companies, the authenticity of the transfer of the assets ownership is likely to be questioned, as financing could be identified as “secured” and in accounting it is also considered as the on-balance sheet financing, which is not involved in the “true sale.” The other issue is because the strict financial license management system in China, the registration of trust companies is severely restricted. Secondly, the role of SPV could be taken by a trust company or establishing a trust institution; this is the way with least legal obstacles at present, and both advantages and disadvantages have been discussed above. Third, if the government departments cooperate with the trust company to set up SPT of asset securitisation to function as SPV, the issue of “true sale” can be avoided and the authenticity of asset quality can also be guaranteed. This methodology can help to prevent investors

¹² Administrative Measures for the Securitization of Credit Assets (2005), Article 17.2.

from being deceived by the collusive fraud between the sponsor and the agency, and to increase the confidence of investors while to decrease the cost of the sponsor. The last view is that securities companies or other financial agencies establishing SPT with the collaboration with trust companies. Due to the corporate system in China cannot solve the issues brought by bankruptcy remoteness, and securities companies have to rely on the existing trust companies to establish an SPT. However, this situation cannot be observed so far as the fierce competition in the industry.

Accordingly, a trust company or an SPT established by a trust company which is entrusted by the government acts as an SPV is highly possible and to some extent, practicable. On the according to the legal provisions in China, registration or establishment of an investment trust company needs at least 300 million RMB as the registered capital¹³. The vast amount of the registration capital has greatly limited the entry of many small or medium companies. The sponsor, however, may establish a temporary entity, and then under the guise of trust company channel, can pay the slotting allowance for later operation.

During the pilot practice of asset securitisation in China, trust investment companies, which is authorised to operate, act as SPT¹⁴. Trust companies, as financial institutions supervised by the China Banking Regulatory Commission (CBRC), dedicated to trust investment services, have gained a wealth of experience in entrusted asset management and thus help accelerate to from a relatively sophisticated trust management system with potential to be an SPT. According to the Article 16 of AMSCA, "A trust institution shall be a lawfully established trust investment company or any other institution approved by the CBRC."¹⁵ Additionally, Article 8 of MSAPSCAFI states that "The term "trustee institutions for special purpose trusts" refers to the institutions that promise the trusts and thus take charge of managing special purpose trust assets and issuing asset-backed securities during the course of the securitization of credit assets. A trustee institution shall be an investment trust company established according to law or any other institution approved by the CBRC," this is also a market admittance for the trust to carry out assets securitisation.

However, some problems are arising when adapting SPT model into the real AS practice in China. For instance, New China Trust Co., Ltd (NCT) and Shenzhen Commercial Bank (SZCB) jointly developed "The Trust Mortgage Loan Program of NCT" in 2002. In this program, the underlying assets - that is, the real estates - are the object of the sale contract between NCT and SZCB, this design does not meet the legal logic of AS. Another example is that China Huarong Asset Management Co. Ltd (CHAM) launched "Trust Program of Toxic Asset Management", with the cooperation with CITIC Trust Co., Ltd in 2003. Compared to the last example, Huarong transferred the underlying asset in a form of trust to CITIC Trust and the latter subsequently issued trust beneficiary certificates to raise funds

for covering the payment of Huarong's asset transfer. In this case, the trust property is the underlying assets, which is in line with the design of the law logic of AS. Due to the lower credit rating of the bad assets, however, Huarong bought back a significant proportion of subprime securities for the credit enhancement; the issuance of the excess mortgage, therefore, cannot help to remove the risk of underlying assets and also cannot meet the criteria of "true sale" (Shen 2008 and Chen 2005).

There has made some progress of the asset transfer operation in the later practice of securitisation in China. "Kaiyuan" (first issue) and "Jianyuan" (first issue), issued in 2005 by China Development Bank (CDB) and China Construction Bank (CCB) respectively, showed the flexibility in the utilisation of the trust system. They reserved the rights of subprime benefits on a small scale for the credit enhancement, which comparatively completed the actual sale of assets and bankruptcy remoteness (Lei Zheng 2014 and Wu 2001). The operation of "Kaiyuan" and "Jianyuan", to some extent, is not entirely well-performed - they empowered the trustee the right to decide whether to buy back. This means the trustee takes the responsibility to inspect the quality of underlying assets. In this circumstance, the trustee, as the third-party agency, undertook the supervision obligation, which is not conducive to protecting investors' benefits and profits.

Another reason that the practice of bankruptcy remoteness of the securitization of credit assets in China is less efficient is the securitization in China in the past years has been strictly enclosed and only limited to the Bank's credit assets, and transactions are only permitted among inter-bank market instead of offering to general investors. Some issues may arise by utilising the qualified credit assets of banks for AS purpose and by the limited operations in the interbank market. For the general design of the AS, there can be seen no concept of quality matching in assets selection. And if bonds can only be traded between large institutions, the bonds could be less liquid, which means AS loses its meaning while transferring the illiquid assets into the illiquid securities. This would pose a risk of accumulation, leading to a systematic risk. Additionally, promoting securitization transactions between banks with national endorsement will not raise the awareness of issuers' risk management and thus cannot effectively use the bankruptcy remoteness mechanism. These potential issues are likely to constrain the AS development in China.

The top priority for China's securitization is to resolve the conflicts between the administrative Rules, the relative trust laws, and practical securitization market development. A comprehensive and mutually supportive (and internally consistent) legal framework for the SPT model is quite essential. Good frameworks ensure market certainty and investor confidence. China also needs to develop monitoring and regulatory vehicles to ensure the integrity of any credit rating system. This cannot rely on the market to regulate and evolve itself automatically. China's tradition of a planned economy and the central government's close control on the banking and financial sectors might be beneficial (Hu. M 2001).

13 Measures for the Administration of Trust Companies (2007), Article 10.

14 Measures for the Administration of Trust Companies (2007), Article 2.

15 Administrative Measures for the Securitization of Credit Assets (2005), Article 16.

In May of 2015, China government decided to increase 500 billion RMB for the pilot scheme of securitization of credit assets, and simultaneously to improve the institutions, simplify the procedure for supporting securitised products traded on an exchange, but compare to the total sum of the bad loans at China's commercial banks is pretty tiny, which swelled to a decade-high 1.27 trillion yuan in 2015 (Feng 2015). As we can see, the future of China's securitization market is quite promising. In the past decade, policy banks, state-owned banks, joint-stock banks, financial automobile companies, and asset management companies are the regular issuers of asset securitization; at this stage, city commercial banks, rural commercial bank, finance leasing corporations and foreign banks will become a new crop of asset securitization.

CONCLUSION

After analysing several SPV models China and their cons and pros, in the context of the current legal environment and financial system in China, the specific purpose trust (SPT) model is optimal for China's asset securitization practice. We suggest that employing the existing trust companies or establishing SPT based on the cooperation between the government and trust companies should be firstly considered. Only making full use of the unique bankruptcy remoteness mechanism of trust and effectively functioning trust tunnels to ensure the standardised and regulatory operation for a healthy development of asset securitisation, the fundamental trust product design and issuing can be safe, effective, regulated and normative. For China, the legal system on AS is required to be quickly updated, to follow the various changes in its current market.

Additionally, it is necessary and urgent for the government to fill the legal gaps and improve the regulations of asset securitisation. The most distinct difference between the laws and regulations of asset securitisation in other developed countries and China is that the mature market in those countries tended to take the legislative priority first and the implementation of the asset securitization second; in China, the pilot experiment is in the parallel with the legislation. Although experience can be gained via the practice, issues cannot be ignored. In this case, based on the Trust Law, specific legislation on asset securitization must be enacted. Some issues, arising in the past practice, including the ownership of trust property and the credit of underlying assets, also must be thoroughly inspected. Only by doing so, the problem of China's asset securitisation could be addressed in following years.

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