

Operational Risk Management in Local Chinese Securities Companies

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Abstract

The operation and management of local Chinese securities companies is not yet mature with a history of less than 20 years. The fact remains that most of the risk lies on the companies' embezzlement of customers' funds or failure of supervising the behavior of their branches. Thus we developed an operational risk management framework for local Chinese securities companies and a set of tools to manage their branches. This framework sets up procedures and instructions for establishing the control environment of the companies. The tools develop systems for collecting and monitoring information and evaluating and appraising branches accordingly. This framework and these tools have been implemented in the first IPO securities company of China and good results have been achieved.