

## CIO Flash Bulletin

## Will trade tensions undermine China's future?

### Investment Solutions

18 October 2018

**In this article, we look at the economic situation in China, the state of relations between the world's two largest economies and the implications for investors exposed to the yuan and emerging currencies.**

China posted year-on-year growth of 6.7% in June 2018, while the authorities' full-year forecast stands at 6.5%. The latest consumer and producer price reports<sup>1</sup> have confirmed this deceleration. The consumer price index (CPI) rose 2.5% from 2.3% in August, an increase mainly attributed to a rise in food prices. The producer price inflation, non-food inflation and core inflation, which strips out food and energy prices, all cooled in September, with the latter falling to a two-year low of 1.7%. These readings will not prevent monetary policy easing further in an effort to support the economy in coming months.

This slowdown in China's growth is part of the country's long-term economic transition from production to consumption and the political recognition of a need to cut overcapacity, lower inequality and strengthen social safety nets, while environmental issues become more prominent. China is also pursuing economic openness with the "One Belt, One Road" initiative, emphasising its challenge to the US as a global economic and political power.

That rivalry is now playing out over trade as the world's two top economies square off over tariffs, highlighting the ideological differences separating the two. This trade war undermines the West's working assumption that China's growing economy would increasingly resemble its own standard economic policy prescriptions including property rights, privatisation of state firms or tax reform, collectively known as the 'Washington Consensus.'

A solution demands some face-saving compromise on both sides, although it is hard to see how President Donald Trump can do so given that his tariffs cannot rectify the US trade balance. Still, there will be a face-to-face opportunity when Trump and Chinese President Xi Jinping meet at the Group of Twenty in Buenos Aires at the end of November.

### Soft landing, bumpy flight?

We are working with three scenarios for the evolution of the US-China trade relationship (see chart 1). Our base case, to which we give a 70% probability, is for some further short-term escalation in tensions, with limited damage to the Chinese and US economies, before a compromise is reached sometime next year. This would exert some pressure on the Chinese economy, and we currently expect a growth rate of 6.3% in 2019, slightly less than this year's 6.4%<sup>2</sup>.

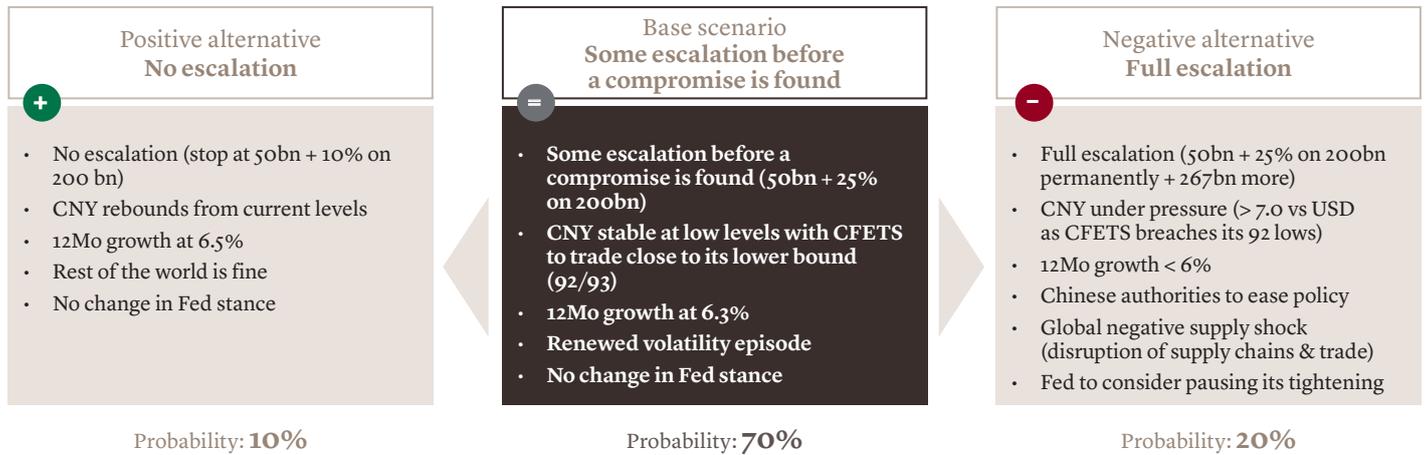


**Stéphane Monier**  
Chief Investment Officer, Lombard Odier Private Bank

<sup>1</sup> 15 October 2018, the National Bureau of Statistics

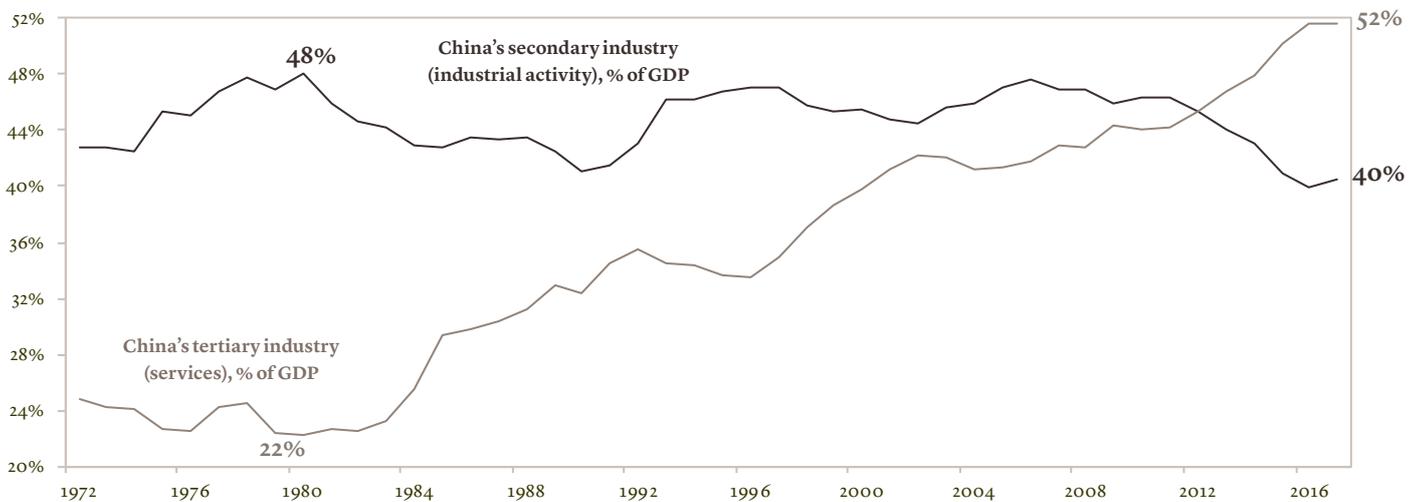
<sup>2</sup> Lombard Odier projections

**Chart 1 – Our trade scenarios**



This base case also considers that fundamentals should eventually prevail, and the Chinese authorities continue their economic transition. The country has successfully worked to balance its economy by shifting export-driven growth to a consumer-demand driven model through market incentive and state controls in a remarkably short time(see chart 2). The turnaround has combined state-driven infrastructure with high investment into sectors such as electric cars, medical equipment, aerospace and robots.

**Chart 2 – The Chinese economic turnaround: services overtake manufacturing**



Sources: Bloomberg, Lombard Odier.

**A sustainable debt burden?**

There is of course a potential threat to this turnaround in the form of the sustainability of China's debt. At around 260% of GDP, credit to the non-financial sector exceeds that of the US. Countering the effects of the US trade spat and supporting infrastructure projects may require even more borrowing at the local level. Will this exacerbate a deeper debt crisis in the future? That's not out of the question in the medium-term, although a more likely scenario may be years of structurally low growth as debt weighs on investment while the population ages, similar to Japan. In the near-term the current account surplus, large pool of foreign exchange reserves and closed nature of the economy mean that a debt crisis is extremely unlikely.

## Trade fireworks

A full-blown trade war therefore looks like the biggest short-term risk. Last month the US imposed a round of 10% tariffs on USD 200 billion of Chinese imports with the threat of increasing the rate to 25% by the end of the year. In retaliation, China has imposed tariffs valued at about USD 60 billion on more than 5,207 American products. The latest import duties are in addition to an existing round already in place on Chinese and US imports worth a combined USD 100 billion. In the very short run, the impact is expected to be limited to an annualised cut of only 0.1% to 0.2% of GDP from each of the two economies. However, longer term, the effects on disrupted supply chains and lower business confidence, while relevant, are harder to quantify.

The Trump administration has made cutting the US trade deficit with China a policy objective. That is unlikely to change as long as the trade imbalance keeps growing and in September, the US's trade deficit with China rose to a record USD 34.1 billion. In purely political terms, the US mid-term elections on 6 November will, we estimate, most likely split Congress as the Democrats win a majority in the House and the Republicans hold onto the Senate. This won't alter the politics of trade within the US as the Democrats, traditionally more protectionist than the Republicans, would not necessarily prove more lenient towards China than the current administration.

The slowdown in Chinese and US growth plus their tariffs have implications for global economic growth next year. The International Monetary Fund pointed last week to rising trade tensions as a threat to the world economy, and trimmed its global growth forecasts for next year from 3.9% to 3.7%.

## 'Not manipulating'

The other target of President Trump's ire is the Chinese currency, which has depreciated against the US dollar this year. At the time of writing, the yuan was trading at around 6.93 to the USD<sup>3</sup>, its lowest level since January 2017. It has fallen to 6% year-to-date and its value against the CFETS (China Foreign Exchange System), a diversified basket of currencies and China's official inter-bank market trading platform, has declined by 2.6% in the same period (chart 3).

**Chart 3 – Chinese currency adjustment: depreciation mainly against the US dollar**



Sources: Bloomberg, Lombard Odier calculations.

A weakening yuan can affect the wider emerging markets universe. A combination of higher dollar funding costs, global trade frictions and a sustainable rise in the USD above 7.00 CNY would trigger broad capital outflows from emerging economies, putting their currencies under pressure to depreciate to remain competitive. Negative growth shocks to China's economy could then derail sentiment and result in broad sales of emerging market currencies. Based on our analysis, if the USDCNY moves closer to 7.50, externally imbalanced currencies, such as TRY and ZAR, would suffer the most. However, this is not our central scenario, and we do not believe that China is actively countering US tariffs by devaluing the yuan as fiscal support is currently mitigating their impact.

Chinese Premier Li Keqiang said on 19 September that there is no intervention behind the renminbi's weakening. "One-way devaluation will do more harm than good to China's economy," he said. "China will by no means stimulate exports by devaluing the yuan."<sup>4</sup>

The US Treasury department declined to label China a currency manipulator in a report published on 17 October, despite pressure from the US President to do so. Treasury Secretary Steven Mnuchin noted that there remain concerns over the yuan's weakness and lack of currency transparency. This could, however, potentially ease tensions ahead of the probable G20 meeting between the US and Chinese presidents in November.

<sup>3</sup> As of 17 October 2018

<sup>4</sup> <https://www.bloomberg.com/news/articles/2018-09-19/china-won-t-devalue-yuan-to-stimulate-exports-premier-li-says>

## The 'Beijing Consensus'

Fundamentally, the White House is still acting as if it expects China to adopt a western growth model. Yet Beijing does not intend to follow the western world's economic prescriptions. That has been clear at the very least since last year's Chinese Communist Party congress when President Xi invited other economies to adopt China's policies. China's 'One Belt One Road' multi-lateral trade and investment initiative ranging across Asia to Europe, the Middle East and Africa, sometimes called the Silk Road of the 21st century, is a clear example of its ambitions.

"There is a good chance that China's economy will continue to grow toward middle- and then high-income levels, driven by a mixed market- and state-driven development model," Adair Turner, former Chairman of the UK's Financial Services Authority wrote last year<sup>5</sup>. "If China had more comprehensively embraced the policy prescriptions implied by the Washington Consensus over the last ten or 20 years, its economic growth would have been considerably slower."

Despite rising US and Chinese import tariffs, we remain convinced that sooner rather than later, economic sense will prevail. As a result, our outlook is for a slightly stronger yuan and limited immediate impact on GDP. In the meantime, as with most wars, we will undoubtedly once again learn that trade disputes are easier to start than finish.

---

<sup>5</sup> <https://www.project-syndicate.org/commentary/china-versus-washington-consensus-by-adair-turner-2017-10?barrier=accesspaylog>

## Important information

This is a marketing communication issued by Bank Lombard Odier & Co Ltd (hereinafter “Lombard Odier”). It is not intended for distribution, publication, or use in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it aimed at any person or entity to whom it would be unlawful to address such a marketing communication. This marketing communication is provided for information purposes only. It does not constitute an offer or a recommendation to subscribe to, purchase, sell or hold any security or financial instrument. It contains the opinions of Lombard Odier, as at the date of issue. These opinions and the information contained herein do not take into account an individual’s specific circumstances, objectives, or needs. No representation is made that any investment or strategy is suitable or appropriate to individual circumstances or that any investment or strategy constitutes personalised advice to any investor. Each investor must make his/her own independent decisions regarding any securities or financial instruments mentioned herein. Tax treatment depends on the individual circumstances of each person and may be subject to change in the future. Lombard Odier does not provide tax advice. Therefore, you must verify the above and all other information provided in the marketing communication or otherwise review it with your external tax advisors. The information and analysis contained herein are based on sources considered to be reliable. Lombard Odier makes its best efforts to ensure the timeliness, accuracy, or completeness of the information contained in this marketing communication. Nevertheless, all information and opinions as well as the prices, market valuations and calculations indicated herein may change without notice.

**Investments are subject to a variety of risks.** Before entering into any transaction, an investor should consult his/her investment advisor and, where necessary, obtain independent professional advice in respect of risks, as well as any legal, regulatory, credit, tax, and accounting consequences. The investments mentioned in this marketing communication may carry risks that are difficult to quantify and integrate into an investment assessment. In general, products such as equities, bonds, securities lending, forex, or money market instruments bear risks, which are higher in the case of derivative, structured, and private equity products; these are aimed solely at investors who are able to understand their nature and characteristics and to bear their associated risks. On request, Lombard Odier will be pleased to provide investors with more detailed information concerning risks associated with given instruments. **Past performance is no guarantee of current or future returns, and the investor may receive back less than he/she invested.** The value of any investment in a currency other than the base currency of a portfolio is subject to the foreign exchange rates. These rates may fluctuate and adversely affect the value of the investment when it is realised and converted back into the investor’s base currency. The liquidity of an investment is subject to supply and demand. Some products may not have a well-established secondary market or in extreme market conditions may be difficult to value, resulting in price volatility and making it difficult to obtain a price to dispose of the asset.

**This marketing communication is not issued by the organisational unit of the Bank Lombard Odier & Co Ltd responsible for the production of financial research, as defined under the Swiss Bankers Association Directives on the Independence of Financial Research.** Consequently, it is not prepared in accordance with the provisions of the referred Directives or any other legal requirements designed to promote the independence of the production of financial research. Opinions expressed in this marketing communication may differ from the opinions expressed by other divisions of Lombard Odier, including Bank Lombard Odier & Co Ltd’s Financial Research Department. Nevertheless, if opinions from financial analysts belonging to the Financial Research Department are contained herein, such analysts attest that all of the opinions expressed accurately reflect their personal views about any given instruments. In order to ensure their independence, financial analysts are expressly prohibited from owning any securities that belong to the research universe they cover. Lombard Odier may hold positions in securities as referred to in this marketing communication for and on behalf of its clients and/or such securities may be included in the portfolios of investment funds as managed by Lombard Odier or affiliated Group companies.

**European Union Members:** This marketing communication has been approved for use by Lombard Odier (Europe) S.A in Luxembourg and by each of its branches operating in the following territories: **Belgium:** Lombard Odier (Europe) S.A. Luxembourg · Belgium branch; **France:** Lombard Odier (Europe) S.A. · Succursale en France; **Italy:** Lombard Odier (Europe) S.A. · Italian Branch; **Spain:** Lombard Odier (Europe) S.A. · Sucursal en España; and United Kingdom: Lombard Odier (Europe) S.A. · UK Branch. Lombard Odier (Europe) S.A. is a credit institution authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg

**Notice to investors in the United Kingdom:** Lombard Odier (Europe) S.A. · UK Branch is authorised in the UK by the Prudential Regulation Authorities (PRA) and is subject to limited regulation by the Financial Conduct Authority (‘FCA’) and the Prudential Regulation Authority (‘PRA’). **Details of the extent of our authorisation and regulation by the PRA and regulation by the FCA are available from us on request. UK regulation for the protection of retail clients in the UK and the compensation available under the UK Financial Services Compensation Scheme does not apply in respect of any investment or services provided by an overseas person.**

In addition, this marketing communication has also been approved for use by the following entities domiciled within the European Union: **Gibraltar:** Lombard Odier & Cie (Gibraltar) Limited, a firm which is authorised and regulated by the Financial Services Commission, Gibraltar (FSC) to conduct banking and investment services business; **Spain:** Lombard Odier Gestión (España) S.G.I.I.C., S.A.U., an investment management company authorised and regulated by the Comisión Nacional del Mercado de Valores (CNMV), Spain.

**Israel:** This marketing communication has been approved for use in Israel by the Israel Representative Office of Bank Lombard Odier & Co Ltd, an entity not supervised by the Supervisor of Banks in the Bank of Israel, but by the Swiss Financial Market Supervisory Authority which supervises the activities of Bank Lombard Odier & Co Ltd.

**South Africa:** This marketing communication has been approved for use in South Africa by the South Africa Representative Office of Bank Lombard Odier & Co Ltd, an authorised financial services provider Registration number 48505.

**Switzerland:** This marketing communication has been approved for use in Switzerland by Bank Lombard Odier & Co Ltd Geneva, a bank and securities dealer authorized and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

**United States:** Neither this document nor any copy thereof may be sent, taken into, or distributed in the United States of America, any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a United States Person. For this purpose, the term “United States Person” shall mean any citizen, national or resident of the United States of America, partnership organized or existing in any state, territory or possession of the United States of America, a corporation organized under the laws of the United States or of any state, territory or possession thereof, or any estate or trust that is subject to United States Federal income tax regardless of the source of its income.

This marketing communication may not be reproduced (in whole or in part), transmitted, modified, or used for any public or commercial purpose without the prior written permission of Lombard Odier.

**Media:** Lombard Odier would like to offer you for your information the enclosed CIO Flash Bulletin.

In connection with the use of the enclosed document Lombard Odier kindly draws your attention to certain particular items/conditions. The information sent is for your personal use only. In case of quoting please cite Lombard Odier in no other capacity than as source of information only. For the sake of good order Lombard Odier would like to remind you that responsibility regarding quoted content and compliance with applicable regulations rests with you. The information provided does not constitute the provision of investment advice or an offer of any financial services especially not to the public.

### Important information about data protection:

When receiving this marketing communication we may process your personal data for direct marketing purposes. We herewith inform you that you have the right to object at any time to the processing of your personal data for such marketing purposes, which includes profiling to the extent that it is related to such direct marketing. If you wish to object to the processing of your personal data in this respect, please address your objection to the Group’s Data Protection Officer: Bank Lombard Odier & Co Ltd, Group Data Protection Officer, 11, Rue de la Corraterie, 1204 Geneva, Switzerland. E-Mail: [group-dataprotection@lombardodier.com](mailto:group-dataprotection@lombardodier.com) **European Union Members:** For more information on the data protection policy in respect of the EU-General Data Protection Regulation (GDPR), which is applicable to Lombard Odier (Europe) S.A. and its branches, Lombard Odier & Cie (Gibraltar) Limited and Lombard Odier Gestión (España) S.G.I.I.C., S.A.U., please refer to [www.lombardodier.com/privacy-policy](http://www.lombardodier.com/privacy-policy).

© 2018 Bank Lombard Odier & Co Ltd – all rights reserved. Ref. LOCH-MWNPR-en-052018.

## SWITZERLAND

### GENEVA

#### Bank Lombard Odier & Co Ltd<sup>1</sup>

Rue de la Corraterie 11 · 1204 Genève · Suisse  
geneva@lombardodier.com

#### Lombard Odier Asset Management (Switzerland) SA

Avenue des Morgines 6 · 1213 Petit-Lancy · Suisse  
Support-Client-LOIM@lombardodier.com  
Management Company regulated by the FINMA.

### FRIBOURG

#### Banque Lombard Odier & Cie SA · Bureau de Fribourg<sup>1</sup>

Rue de la Banque 3 · 1700 Fribourg · Suisse  
fribourg@lombardodier.com

### LAUSANNE

#### Bank Lombard Odier & Co Ltd<sup>1</sup>

Place St-François 11 · 1003 Lausanne · Suisse  
lausanne@lombardodier.com

### VEVEY

#### Banque Lombard Odier & Cie SA · Agence de Vevey<sup>1</sup>

Rue Jean-Jacques Rousseau 5 · 1800 Vevey · Suisse  
vevey@lombardodier.com

### ZURICH

#### Bank Lombard Odier & Co Ltd<sup>1</sup>

Utoschloss · Utoquai 29-31 · 8008 Zürich · Schweiz  
zurich@lombardodier.com

## EUROPE

### BRUSSELS

#### Lombard Odier (Europe) S.A. Luxembourg · Belgium branch<sup>2</sup>

Avenue Louise 81 · Box 12 · 1050 Brussels · Belgium  
brussels@lombardodier.com

*Credit institution supervised in Belgium by the Banque nationale de Belgique (BNB) and the Financial Services and Markets Authority (FSMA).*

### GIBRALTAR

#### Lombard Odier & Cie (Gibraltar) Limited

Suite 921 Europort · P.O. Box 407 · Gibraltar  
gibraltar@lombardodier.com

*Authorised and regulated by the Gibraltar Financial Services Commission (FSC) to conduct banking and investment services business.*

### LONDON

#### Lombard Odier (Europe) S.A.<sup>2</sup>

Queensberry House · 3 Old Burlington Street · London  
W1S 3AB · United Kingdom · london@lombardodier.com

*The Bank is authorised and regulated in the UK by the Prudential Regulation Authority (PRA) and subject to limited regulation by the Financial Conduct Authority (FCA) and the PRA. Details of the extent of our authorisation and regulation by the PRA and regulation by the FCA are available from us on request. Registered in Luxembourg No.B169 907.*

#### Lombard Odier Asset Management (Europe) Limited

Queensberry House · 3 Old Burlington Street · London  
W1S 3AB · United Kingdom · london@lombardodier.com

*Investment firm authorised and regulated by the Financial Conduct Authority (FCA register No.515393).*

<sup>1</sup> Private bank and securities dealer authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

<sup>2</sup> Branch of Lombard Odier (Europe) S.A., a credit institution based in Luxembourg, authorised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg

## LUXEMBOURG

#### Lombard Odier (Europe) S.A.

291, route d'Arlon · 1150 · Luxembourg · Luxembourg  
luxembourg@lombardodier.com

*Credit institution regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.*

#### Lombard Odier Funds (Europe) S.A.

291, route d'Arlon · 1150 · Luxembourg · Luxembourg  
luxembourg@lombardodier.com

### MADRID

#### Lombard Odier (Europe) S.A. · Sucursal en España<sup>2</sup>

Paseo de la Castellana 66 · 4<sup>o</sup> Pl. · 28046 Madrid · España · madrid@lombardodier.com

*Credit institution supervised in Spain, by the Banco de España and the Comisión Nacional del Mercado de Valores (CNMV).*

#### Lombard Odier Gestión (España) S.G.I.I.C, S.A.U.

Paseo de la Castellana 66, 4<sup>o</sup> Pl. · 28046 Madrid · España · madrid@lombardodier.com

*Management Company supervised by the Comisión Nacional del Mercado de Valores (CNMV).*

### MILAN

#### Bank Lombard Odier (Europe) S.A. · Succursale in Italia<sup>2</sup>

Via Santa Margherita 6 · 20121 Milano · Italia  
milano-cp@lombardodier.com

*Credit institution supervised in Italy by the Commissione Nazionale per le Società e la Borsa (CONSOB) and la Banca d'Italia.*

### MOSCOW

#### Bank Lombard Odier & Co Ltd · Representative Office Moscow

Letnikovskaya st.2, bld.1 · 115 114 Moscow · Russian Federation · moscow@lombardodier.com

*Under the supervisory authority of the Central Bank of the Russian Federation.*

### PARIS

#### Lombard Odier (Europe) S.A. · Succursale en France<sup>2</sup>

8, rue Royale · 75008 Paris · France.  
RCS PARIS B 803 905 157 · paris@lombardodier.com

*Credit institution supervised in France by the Autorité de contrôle prudentiel et de résolution (ACPR) and by the Autorité des Marchés Financiers (AMF) in respect of its investment services activities. Business permit No.23/12. Registered in Luxembourg - No.B169 907.*

*Insurance intermediary authorised by the Commissariat aux Assurances (CAA) No.2014 CM002. The registration with the CAA can be verified at [www.orias.fi](http://www.orias.fi).*

## AFRICA | AMERICAS | ASIA-PACIFIC |

## MIDDLE EAST

### BERMUDA

#### Lombard Odier Trust (Bermuda) Limited

3rd Floor, Victoria Place · 31 Victoria Street · Hamilton  
HM 10 · Bermuda · bermuda@lombardodier.com

*Licensed to conduct Trust, Investment and Corporate Service Provider Business by the Bermuda Monetary Authority.*

### DUBAI

#### Bank Lombard Odier & Co Ltd · Representative Office Dubai

Conrad Business Tower · 12th Floor · Sheikh Zayed Road · P.O. Box 212240 · Dubai · UAE

dubai@lombardodier.com

*Under the supervisory authority of the Central Bank of the UAE.*

### HONG KONG

#### Lombard Odier (Hong Kong) Limited

3901, Two Exchange Square · 8 Connaught Place · Central · Hong Kong · hongkong@lombardodier.com

*A licensed entity regulated and supervised by the Securities and Futures Commission in Hong Kong.*

## ISRAEL

#### Israel Representative Office · Bank Lombard Odier & Co Ltd

Alrov Tower, 11<sup>th</sup> floor · 46 Rothschild Blvd. · Tel Aviv 6688312 · Israel · telaviv@lombardodier.com  
*Not supervised by the Supervisor of Banks in the Bank of Israel, but by Swiss Financial Market Supervisory Authority which supervises the activities of Bank Lombard Odier & Co Ltd.*

### JOHANNESBURG

#### South Africa Representative Office · Bank Lombard Odier & Co Ltd

140 West Street · Sandton  
Johannesburg 2196 · South Africa  
johannesburg@lombardodier.com

*Authorised financial services provider Registration number 48505.*

### MONTEVIDEO

#### Lombard Odier (Uruguay) SA

Luis Alberto de Herrera · Torre 2 · Oficina 2305  
11300 Montevideo · Uruguay  
montevideo@lombardodier.com

*Supervised by Banco Central del Uruguay.*

### MONTREAL

#### Lombard Odier & Cie (Canada), Limited Partnership

1000 Sherbrooke Street West · Suite 2200 · Montreal (Quebec) · Canada H3A 3R7

montreal@lombardodier.com

*Regulated by the Autorité des Marchés Financiers du Québec.*

### NASSAU

#### Lombard Odier & Cie (Bahamas) Limited

Goodman's Bay Corporate Centre · West Bay Street · P.O. Box N-4938 · Nassau · Bahamas

nassau@lombardodier.com

*Supervised by the Central Bank of the Bahamas and the Securities Commission of the Bahamas.*

### PANAMA

#### Lombard Odier & Cie (Bahamas) Limited · Representative Office in Panama

Oceania Business Plaza Torre 2000 · Oficina 38-D · Blvd. Pacifica · Urb. Punta Pacifica · Corregimiento de San Francisco · Panamá · panama@lombardodier.com

*Supervised by the Central Bank of the Bahamas and the Superintendencia de Bancos de Panamá.*

#### Lombard Odier (Panama) Inc.

Oceania Business Plaza Torre 2000 · Oficina 38-D · Blvd. Pacifica · Urb. Punta Pacifica · Corregimiento de San Francisco · Panamá · panama@lombardodier.com

*Supervised by the Superintendencia del Mercado de valores de Panamá. License to operate as an Investment Adviser.*

*Res. SMV No.528-2013.*

### SINGAPORE

#### Lombard Odier (Singapore) Ltd.

9 Raffles Place · Republic Plaza #46-02 · Singapore  
048619 · singapore@lombardodier.com

*A merchant bank regulated and supervised by the Monetary Authority of Singapore.*

### TOKYO

#### Lombard Odier Trust (Japan) Limited

Izumi Garden Tower 41F · 1-6-1 Roppongi, Minato-ku · Tokyo 106-6041 · Japan · tokyo@lombardodier.com

*Regulated and supervised by the Financial Services Agency (FSA) in Japan. It holds a trust business license (FSA No.208) and is registered with Kanto Local Finance Bureau for Financial Instruments Business Operator (No.470).*