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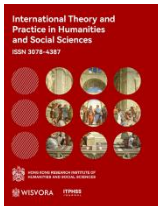

Under the Background of China's "Belt and Road", the Study on Financial Risk and Avoidance in the "Going Out Strategy" of Chinese Enterprises——Consider some of China's major overseas financial events in the past 20 years

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Abstract

This study reviews significant financial incidents involving Chinese enterprises in the global market, revealing their vulnerabilities in international futures and derivatives trading. By analyzing four typical cases—the AVIC Oil Incident, Shenzhen Nanshan Electric Power Incident, Crude Oil Treasure Incident, and Qingshan Nickel Incident—this paper explores how international financial capital utilized complex financial instruments and market mechanisms to impose severe losses on Chinese companies. These events highlight financial traps such as extendable options and the introduction of negative oil price mechanisms, leading to substantial financial losses and technical bankruptcies. Through an in-depth examination of these historical cases, this paper summarizes the lessons learned in risk management for China's "going out" strategy and offers key recommendations: strengthening risk warning and crisis response mechanisms, cautiously applying financial derivatives, enhancing information disclosure and regulatory oversight, and improving legal frameworks against international monopolies and speculative behavior. This study aims to provide guidance for Chinese enterprises to build a more resilient financial risk control system amid globalization.

1. INTRODUCTION

In December 2001, China formally joined the World Trade Organization (WTO), and Chinese enterprises launched a "going out strategy" and entered the overseas financial market, deeply participating in economic globalization. After more than 20 years of exploration and practice, Chinese enterprises have gained a decisive and powerful position in the futures trading of overseas commodities (crude oil, copper and aluminum, iron ore, cotton, soybeans, soybean oil, etc.). In this process, foreign capital has also made every effort to target the weaknesses of the overseas financial market and set various financial traps (such as "option rollover" transactions) to crack down on and harvest Chinese enterprises. Taking history as a lesson, comprehensively combing and analyzing these major financial events and summarizing lessons learned will help better promote the "going out strategy" of the Belt and Road.

2. Basic review of AVIC oil incident

In the 1990s, in order to avoid the risk of international oil spot trading, the Chinese government approved some large state-owned oil companies to hedge the international oil market.

AVIC began trading options in the futures market in 2003 and made a profit of $5.8 million that year. In 2004, under the intervention of foreign capital, then AVIC President Chen Jiulin decided to short oil call options of 52 million barrels, successfully entered the "financial trap" set by foreign capital, and eventually caused a huge loss of about 550 million US dollars.

Timeline of AVIC's "huge loss" :

Table1

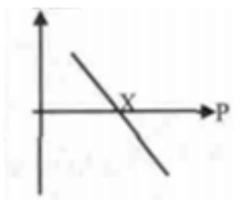
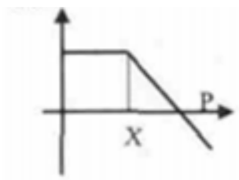
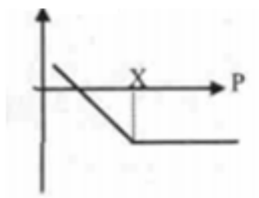
Time	operating path
First quarter of 2004	The company lost $5.8 million in potential losses as a result of rising oil prices, and the company decided to postpone the delivery of the contract in the hope that the oil price would fall; the position increased.
Second quarter of 2004	As oil prices continued to rise, the company's book loss increased to about $30 million, and the company decided to postpone the settlement until 2005 and 2006; the position increased again.
30 September 2004	Company traders Gerard Rigby and Abdallah Kharma posted huge book losses after violating mobile oil options positions.
October 2004	Oil prices hit a new high, with the company holding 52 million barrels of oil at the time; book losses surged again.
10 October 2004	First reported transaction and book losses to the parent company. Nearly $26 million of working capital, $120 million in syndicated loans and $68 million in accounts receivable have been exhausted for margin replenishment. Book losses amounted to $180 million.
20 October 2004	The parent company placed 15% of the shares in advance and lent $108 million to AVIC.
26-28 October 2004	The company suffered an actual loss of $132 million as it was forced into positions because it was unable to replenish margin on some contracts.
8-25 November 2004	Continuing to be forced into positions, the actual loss as of the 25th amounted to $381 million.
1 December 2004	After losing about $550 million, AVIC decided to abandon the capital injection rescue, and AVIC announced that it had applied to the Supreme Court of Singapore for bankruptcy protection.

So far, AVIC has caused a huge loss of about $550 million due to its futures trading and led to the application for bankruptcy protection orders. China's overseas oil flagship has been hit hard, and China's "going out strategy" has been hit hard.

2.1.AVIC's "financial trap" - "extendable option"

Options are the most common financial derivative instruments. For the option, its biggest feature is the unequal rights and obligations. In the first quarter of 2004, AVIC was located in Singapore's subsidiary, J. Under the advice of ARON, it began to short international oil prices, completely ignoring the results of the increase in crude oil prices in the spot market will cause unlimited losses. AVIC has taken the aggressive action in the shorting direction of the call options in the figure below (Class II), choosing the biggest risk.

Table2.Introduction to Basic Derivatives

Category	spot market	Options market	
		call option	put option
Category	Category I	Category II	CategoryIII
Direction	Short	Short	Long
price increase diagram	Profit and loss 	Profit and loss 	Profit and loss 
key point	X-Average market price	K 一 execution price X 一 break-even point	K 一 execution price X 一 break-even point
Strategic analysis	As prices continue to rise, bulls will continue to lose money. Losses can be infinite.	The bears can get a premium at the beginning of the period, and as prices continue to rise, losses continue to expand. The maximum loss can also be infinite.	A bearish firm put, and when the price rises, the option is not executed and the maximum loss is a premium.

In 2004, AVIC hired Goldman Sachs' Singapore-based subsidiary, Arron. ARON serves as a financial advisor. In Arron's strategy report, AVIC executives made a wrong analysis, judging that international oil prices must fall in 2004, based on the average crude oil price of 21.56 dollars per barrel in the past 10 years.

At the same time, Arron convinced AVIC to buy Goldman Sachs' "Extendible Option" as a hedge. "Extension Options" (i.e., "option options"), both sides on the basis of the original options to extend the time, because of the complex pricing formula and system of extension options, there is a greater risk. Goldman Sachs to AVIC's "extension option", Goldman Sachs specifically set a six-month execution period called "triple contract" extension option. According to later documents, the "extension option" of the transaction was seriously fraudulent.

Goldman Sachs explained the "triple contract" as a way to maximize AVIC's protection from international price turbulence. In January, June and September 2004, AVIC extended the rollover option three times, resulting in AVIC continuing to sign a new rollover option contract with Goldman Sachs after each loss and accumulating a greater crisis.

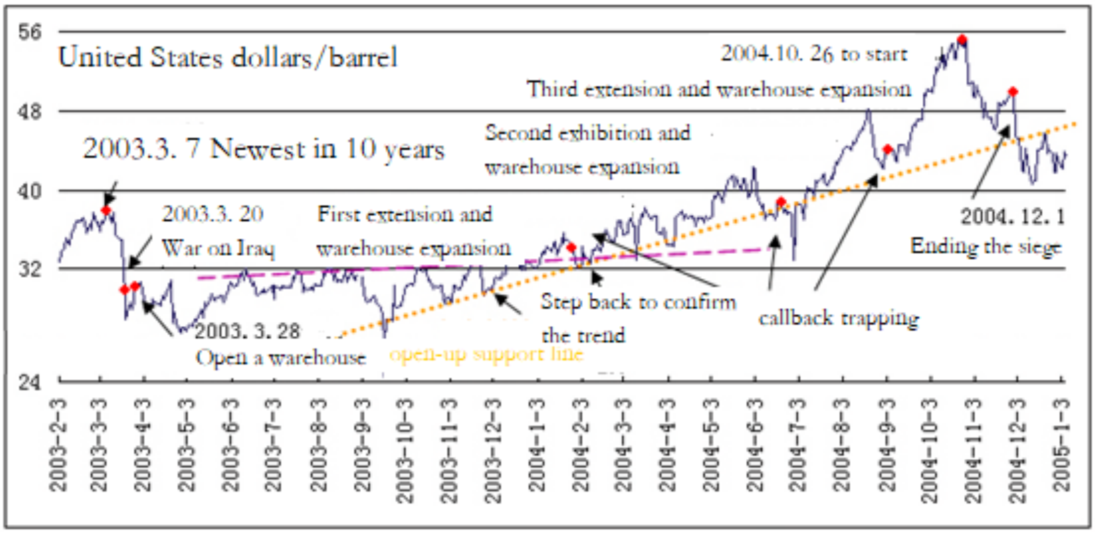


Figure 1. AVIC oil is hunted by capital road map

From the above chart, it can be clearly seen that from the first to the fourth restructuring, AVIC's losses soared from the initial $20 million to more than $500 million. In the end, when AVIC "bankruptcy" debt restructuring, Arron Corporation, as an advisory party, became one of AVIC's important creditors.

2.2.Overseas capital chain behind "Revival Options"

On the one hand, AVIC, which has just implemented the "going out strategy", lacks scientific understanding of how to establish technical analysis and use investment hedge hedging tools in overseas futures market.

On the other hand, a series of literature shows that many foreign capital, mainly Goldman Sachs, have formed a stakeholder chain and participated in the long-term event of AVIC. These include Arron Corporation, Mitsui Bank of Japan, Societe Generale Bank of France, Barclays Bank of the United Kingdom, and Development Bank of Singapore.

These enterprises act either as consultants (Singapore Arron), counterparties (Goldman Sachs, Japan Mitsui), or as behind-the-scenes financial players (Japan Mitsui Bank, Societe Generale Bank, etc.) and are a community of interest with complex stakeholders.

On October 26, 2004, after international oil prices reached a new stage high of $55.22 per barrel, these international financial consortiums began to focus on AVIC's financial hunting. First of all, Japan's Mitsui suddenly officially asked for the right to exercise to collect the proceeds of its "option release", and AVIC began to lose $132 million in books after performance. Immediately afterwards, Barclays Bank of the United Kingdom also began to exercise its rights, collecting the proceeds of AVIC's "option release" of $26.46 million. Societe Generale said AVIC violated the terms of its $160 million syndicated loan, and other creditor banks began collecting a total of $248 million in debt. Multiple runs led to AVIC's financial situation eventually falling into technical bankruptcy.

3. Basic Review of the Deep South Electricity Incident

Following the AVIC oil incident, Goldman Sachs subsidiary Alron (J. ARON has also targeted Shenzhen Nanshan Thermal Power Company (hereinafter referred to as "Shenzhen Nanshan Electric Power"), and the study found that its means of setting "financial traps" to Shenzhen Nanshan Electric Power are very similar to AVIC's incident.

On March 12, 2008, without authorization from the upper level, executives of Shenzhen Nanshan Thermal Power Company (hereinafter referred to as "Shennan Electric") signed two contract confirmations with Arron Corporation No. 165723967102.11 and 165723968102.11. Shennan Electric, which has never engaged in crude oil business, began to engage in hedging business in the crude oil market.

In principle, Shennan Electric only seeks hedging to avoid the risk of forward oil prices, while Arron's option agreement is essentially an overseas derivative, and the two agreements have left the essence of futures. This move set a financial trap in advance for Shennan Electric's subsequent huge losses.

The first agreement is valid from March 3, 2008 to December 31, 2008, based on the price of WTI crude oil futures on the New York Mercantile Exchange (NYMEX), and the basic contents of the agreement are as follows:

Table3

Terms and Conditions	anchoring price	profit or loss on gambling
1	Oil prices > $63.5/barrel	Deep South Electricity can earn $300,000 per month;
2	Oil prices range from $62/barrel to $63.5/barrel	Shennan Electric can obtain monthly (floating price -62 US dollars / barrel) × 200,000 barrels of income;
3	Oil prices <$62/barrel	Arron will receive monthly (US$62/bpd-floating) × 400,000 bpd.

The second agreement is valid from January 1, 2009 to October 31, 2010, based on the price of WTI crude oil futures on the New York Mercantile Exchange (NYMEX), and the basic contents of the agreement are as follows:

Table4

Terms and Conditions	anchoring price	profit or loss on gambling
1	Oil prices > $66.5/barrel	Deep South Electricity can earn $340,000 per month;
2	Oil prices range from $64.8 to $66.5 per barrel	Shennan Electric can obtain monthly (floating price - $64.8 / barrel) × 200,000 barrels of income;
3	Oil prices <$64.5/barrel	Arron will receive monthly (US$64.5/bpd-floating) × 400,000 bpd.

Analysis of the first agreement shows that its final profit and loss is translated as follows:

Table5

Terms and Conditions	anchoring price	profit or loss on gambling	final gain or loss
1	Oil prices >	Deep South Electricity can	For a total of 10 months

	$63.5/barrel	earn $300,000 per month;	from March to December, up to $3 million will be available to Deep Southern Power;
2	Oil prices range from $62/barrel to $63.5/barrel	Shennan Electric can obtain monthly (floating price -62 US dollars / barrel) × 200,000 barrels of income;	Assuming 63.4999, Deep South Electricity's maximum revenue is not more than 3 million US dollars;
3	Oil prices <$62/barrel	Arron will receive monthly (US$62/barrel-floating) x 400,000 bpd;	Assuming $32/barrel, Arron's monthly earnings would be $12 million.

Under the first agreement, Alron can activate the swap agreement when the price of oil is less than $62. According to the agreement formula, Arron's losses are capped at $3 million, while earnings are capped and risk-free.

The second agreement is essentially the same as the first, with Deep South earning up to $3.4 million over a 10-month period, while Arron would theoretically earn up to $25.8 million per month and still earn hundreds of millions of dollars over a 10-month period.

To sum up, this is an unequal agreement, Arron's losses are limited to only $3 million, but Deep South Electric's losses are up to nearly 40 times their costs.

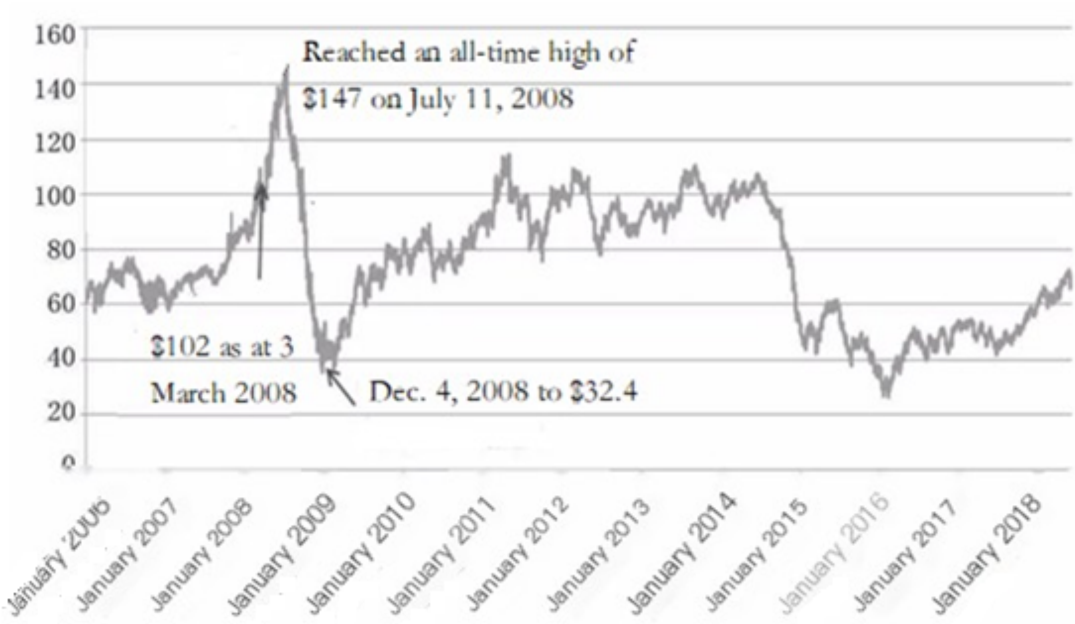


Figure2. 2006.01-2018.01International oil price trend chart

As you can see from the chart above, on July 11, 2008, international oil prices reached an all-time high of $147 and then began a historic plunge. On November 6, 2008, international oil prices closed at $60.77 per barrel, falling below the threshold price of $62. On December 24, it hit an all-time low of $32.40.

According to the agreement, Shennan Electricity needs to pay Arron monthly (US$62/barrel-floating price) × 400,000 barrels of income compensation, according to the betting formula, Shennan Electricity needs to pay Arron a large amount of compensation.

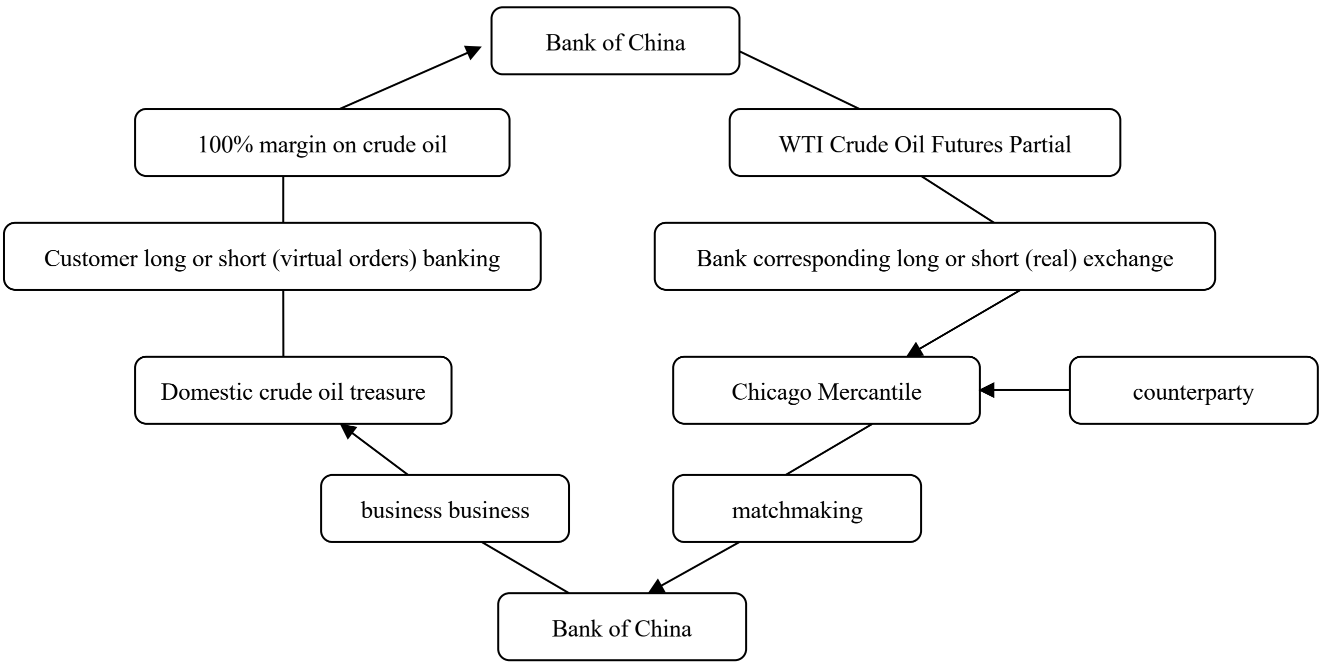
At the beginning of 2009, the company began to trouble Shennan Electric, demanding that Shennan Electric immediately pay the total amount of its arrears of 83.699 million US dollars (equivalent to 572 million yuan). Since then, the two sides have entered a lengthy legal process.

4.the basic review of crude oil treasure incident

On April 21, 2020, the U.S. WTI crude oil futures 2005 contract (referring to the current contract for May 20) was closed at $37.63 per barrel. This is the only negative settlement price in the history of international crude oil futures, resulting in the loss of CBRC crude oil treasure.

In January 2018, the Bank of China opened a futures derivative, "Crude Oil Treasure" product (personal account crude oil business), corresponding to the "WTI crude oil futures contract" in the United States and the "BRT crude oil futures contract" in the United Kingdom.

The trading patterns of "Crude Oil Treasure" products at home and abroad are as follows:



According to this, in essence, crude oil treasure products do not belong to physical futures, but are wealth management products in China, so they are also called "paper crude oil". The Bank of China acts as an intermediary and sets up a virtual market for offshore crude oil futures, anchoring WTI U.S. crude oil and BRT British crude oil, transferring domestic customer funds to overseas crude oil markets.

4.1.Short forced warehouse "crude oil treasure" process

In March 2020, Middle Eastern oil exporters launched a massive oil price war to combat U.S. shale oil. On March 6, Russia announced its rejection of oil production cuts, and U.S. crude oil futures closed down 9.43 percent; on March 8, Saudi Arabia drastically lowered spot crude oil prices, the largest discount in 20 years.

At the same time, domestic investors misjudged that this was an opportunity to copy crude oil, so many funds flowed into crude oil treasure to choose long crude oil, resulting in a one-sided surge in long positions in WTI05 contracts. According to the Bank of China's later statistics, on the night of the crude oil storm, long positions accounted for 95% and short positions accounted for only 5%. The pattern of "empty force" is basically formed.

At 2 a.m. on April 21, Beijing time, overseas short capital began to test the market, and oil prices experienced a "triple jump" in a short period of time, plunging from 0 dollars per barrel to an unprecedented negative settlement price (see figure below).

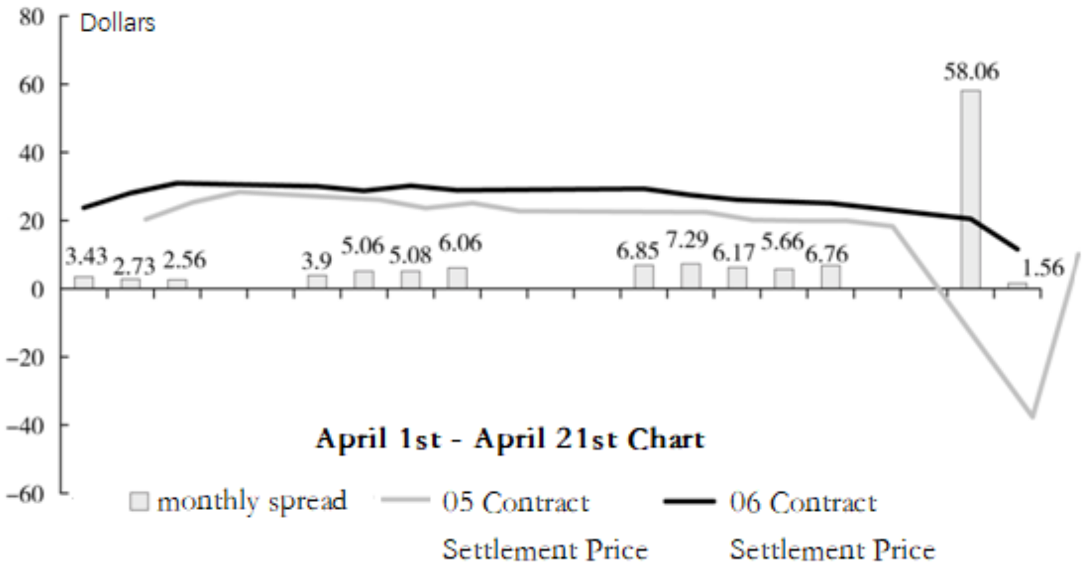


Figure3.WTI05 /06 Monthly Spread Sheet for Contracts in April

According to the graph, the settlement price of the WTI05 contract ushered in the "negative oil price" moment on April 20-21. Compare WTI05 / WTI06 contracts to the monthly spread in April, as follows:

Table6

contract	WTI05contract	WTI06contract	monthly spread
Settlement price on April 20	18. 27 $	25. 03 $	6. 76 $
Settlement price on April 21	-37. 63 $	20. 43 $	58. 06 $
Settlement price on April 22	10. 01 $	11. 57 $	1. 56 $

On April 21, international bears began pouring into the WTI05 contract in many ways, resulting in the final settlement price of the WTI05 contract plummeting to -37. $63 compared to WTI06 contract 20. At $43, the monthly spread between the two contracts was as high as 58. It is $06. This eventually led to huge losses and even losses in the wealth management product.

According to the WTI crude oil futures 2005 contract, the physical delivery location of the crude oil futures is in the Cushing area of Oklahoma, USA, and the WTI05 contract is open for 100,000 lots, equivalent to 100 million barrels of delivery. Obviously, the WTI05 contract in practice, long buyers can not carry out physical delivery, can only be forced to close the position. According to the Bank of China's later statistics, "crude oil treasure" customers of more than 60,000 households, the overall loss is less than 9 billion yuan.

4.2.The "negative oil price mechanism" is the "financial trap" at the heart of the incident.

The author believes that the main reasons for the second crude oil treasure penetration event are: the Bank of China has set the transfer or rolling time as the final settlement date, failing to fully take into account liquidity risks.

There are two main external causes of the sub-oil treasure incident. First, the Chicago Mercantile Exchange (CME) introduced an unprecedented negative price mechanism, creating an opportunity for foreign capital to short WTI 05 contracts. Secondly, the international bears accurately broke the expectation that international oil prices would plummet due to saturation, and aimed at the situation that the Bank of China, the main bulls of the WTI05 contract, would not be able to deliver in kind.

According to a Reuters (LSE) foreign disclosure, Goldman Sachs' commodity trading team in May 2020 achieved more than $1 billion in profit, mainly from the previous bet on the collapse of oil prices. According to Bloomberg, Goldman Sachs' Singapore-based agent Qin Xiao and London-based agent Anthony Dewell were the main ones who accurately captured the decline.

In December 2021, the Central Bank of China issued an announcement preventing bank insurance institutions from directly trading derivatives overseas with individual customers, with the aim of preventing the tragedy of the crude oil treasure incident from happening again.

5. Review of the Castle Peak Nickel Incident

China Qingshan Holdings Group (hereinafter referred to as "Qingshan Group") is one of the giants of the global nickel products industry, and has a 60% controlling interest in Indonesia's clay nickel mine until 2022.

Nickel products can be divided into primary nickel and secondary nickel, the former is mainly used for ternary batteries (new energy vehicles, etc.), the latter is mainly used for stainless steel production. Aoyama Group's nickel stocks are mainly secondary nickel.

According to CICC's 2021 judgment, the growth rate of demand for secondary nickel in the global nickel market in 2022 will decrease from 16.5% in 2021 to 3.5%; however, demand for primary nickel will likely rise 82% year-on-year to 457,000 tons. On the other hand, inventories of nickel at the global level have fallen by 63% in 2021, and inventories are expected to continue to decline in 2022.

5.1Russian-Ukrainian War Explodes 'Forced Warehouse'

In 2021, Qingshan Group's nickel production reached 600,000 tons, accounting for about 22% of the world. In 2021, Aoyama Group judged that international nickel prices could not remain high, so it began to hold a large number of metal nickel short positions on the London Metal Exchange (LME) in order to hedge. This became the trigger for the "Castle Hill Nickel Incident":

5.1.1Aoyama nickel cannot be used as a delivery product for LME.

Castle Peak nickel only contains about 70% of high ice nickel and about 10% of nickel iron, while LME deliverables are electrolytic nickel with purity of up to 99.8%.

5.1.2Aoyama Group has a large number of short positions and lacks risk hedging tools.

Aoyama Group holds 200,000 tons of futures air orders in LME, but the entire LME nickel inventory is only 80,000 tons, and Aoyama Group is unable to carry out futures delivery. From the 2020-2022 LME and Shanghai Futures Exchange nickel inventory chart (below), it can be seen that the nickel stocks of the world's two largest exchanges are very tight, and they are at an all-time low in the first quarter of 2022.

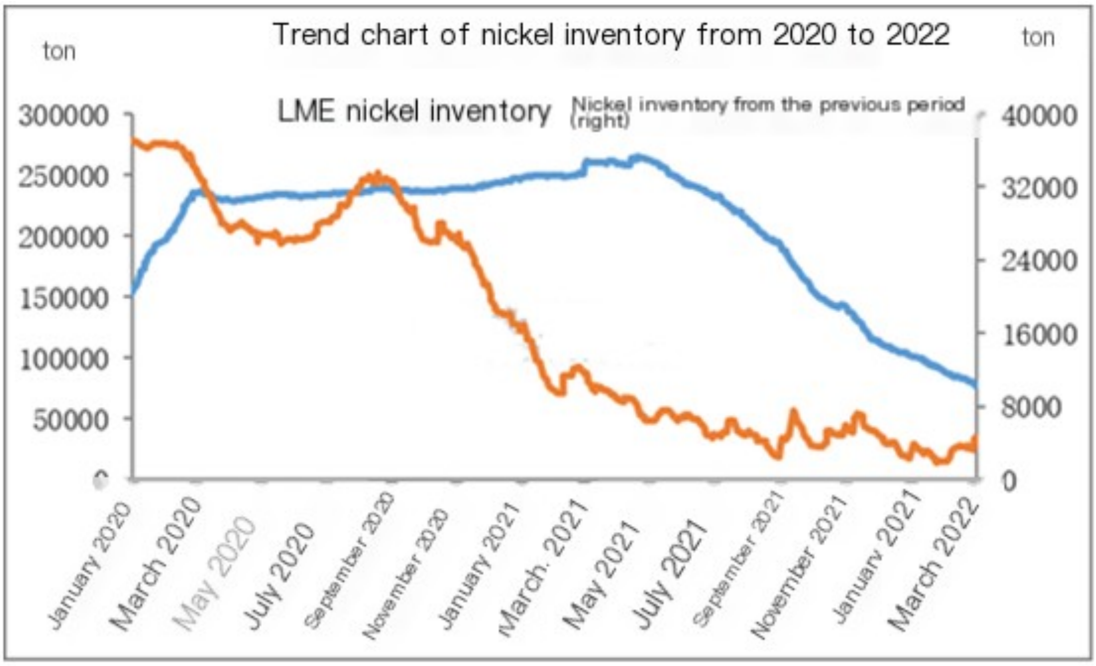


Figure 4.2020-2022 March LME, Shanghai Futures Exchange nickel inventory trend chart

5.1.3Aoyama Group is unaware of the risks of a global "nickel crisis."

Aoyama Group believes that by the time of delivery, it can buy nickel from Russia to close the position. However, after the outbreak of the Russian-Ukrainian War, Russian nickel was internationally banned, and Aoyama Group failed to choose to close or move its positions in time.

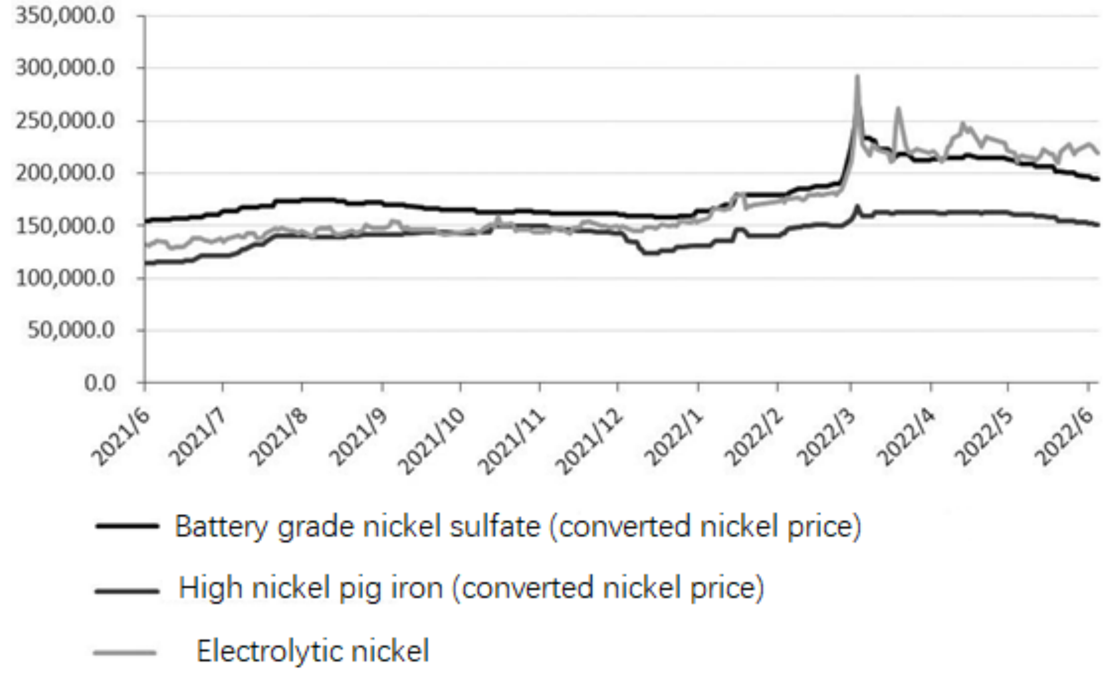


Figure 5. 2021.06-2022.06Compare global nickel price trends in three categories

From the above graph, it can be clearly seen that when the Aoyama nickel incident broke out, the price of global electrolytic nickel (first-grade nickel) reached an all-time high. On the day of the Qingshan nickel incident, Lenny's inventory of 75012 tons, which was 1818 tons less than the previous day, was at a historical low level.

On March 8, 2022 Beijing time, international bears began to work together to short the nickel market and quickly broke the $100,000 mark, setting a new record. With Aoyama holding 200,000 tons of short positions, Aoyama will lose $2 billion for every $10,000/ton increase in metal nickel. At a peak of US$100,000/tonne, Aoyama Group will theoretically lose up to US$20 billion, while the total market value of Aoyama Group in 2022 is only about US$7.2 billion (more than 51 billion yuan). According to the agreement, Aoyama Group faces three difficult choices, one is to hand over 200,000 tons of electrolytic nickel spot for settlement; the other is to pay tens of billions of dollars to the short; and the third is to add high margin to avoid forced closure by LME. It became the "Aoyama Nickel Incident" that shocked China and abroad.

The operational modes of Castle Peak Group are deduced as follows:

Table7

serial number	base delivery amount	mode of delivery	Projected losses
1	Based on the highest price of $100,000/tonne at the settlement date Based on the highest price of $100,000/tonne at the settlement date	Choose to buy spot for delivery	1.The amount of loss is: (100,000-20,000) * 200,000 = 16 billion US dollars; 2.The futures market no longer has enough nickel stocks to supply (no goods to hand over).

	non-delivery		
2	Based on the highest price of $100,000/tonne at the settlement date Based on the highest price of $100,000/tonne at the settlement date non-delivery	Selective active closing (meaning that the short side is the exact opposite of the previous short order)	1.That is to say, re-open positions on the market at US$100,000/tonnes, with the same loss; 2.They are also facing new short positions.
3	Based on the highest price of $100,000/tonne at the settlement date Based on the highest price of $100,000/tonne at the settlement date non-delivery	Option to postpone delivery	1. According to the LME 12.5% margin ratio, a minimum margin of 160*0.125=2 billion US dollars must be added. 2. When the margin is insufficient, the LME is forced to close the position (i.e., the exchange deducts part of the short position and gives priority to the amount of the deposit).

It can be inferred from the inference that whichever way Aoyama Group chooses is a fatal blow.

5.2.participation in the "short side" of the foreign capital analysis

The author found that in the Qingshan nickel incident, multiple information and literature pointed to the following foreign capital:

5.2.1The Big Four warehousing network giants behind the London Metal Exchange (LME).

According to Bloomberg, LME's warehousing network has been controlled by the "Big Four," including C. Steinweg、Pacorini、MITS and Henry Bath。 More than 500 of the LME's registered warehouses are operated by these four companies, accounting for about 76 percent of the total. All along, the "Big Four" provide first-hand information for Glencore, Goldman Sachs, JPMorgan Chase and other institutions' trading positions and inventory and position orders in their respective warehouses, and control the size of LME inventory. In this financial hunt for the Aoyama nickel incident, the four major warehousing network giants have fully grasped the real supply and demand relationship of international nickel stocks and can provide cutting-edge futures trading information for short positions in the LME market.

5.2.2.Main short side: Glencore Strata Co., Ltd. (hereinafter referred to as "Glencore"; English LSE: GLEN).

Pacorini, one of the "Big Four" of the aforementioned LME exchange, is Glencore's warehousing company. Glencore is one of the world's largest commodity traders. In this Aoyama nickel incident, Glencore can fully grasp the true nickel storage situation of Aoyama Group through Pacorini, and a large number of short and forced Aoyama Group.

5.2.3.Glencore's behind-the-scenes capital – Wall Street investment banking giant JPMorgan.

The author finds from many foreign literature that in this short-term short-term event, Glencore can raise a large amount of long-term capital, behind which it is also related to Wall Street investment banking giant JPMorgan Chase.

On March 12, 2022, Bloomberg disclosed that JPMorgan Chase held about 50,000 tons of trading positions in Aoyama Group. According to this estimate, JPMorgan Chase has about $1 billion in margin bonds of the Castle Peak Group.

After the Aoyama Nickel Incident, due to the allocation of resources to Aoyama Group in time to compensate for the shortage of goods, Aoyama Group was able to meet the LME delivery conditions, which greatly stopped the loss.

6. SUMMARY AND VISION

Looking at the crisis caused by the trading of the four major overseas futures markets or financial derivatives markets, there are the following suggestions and suggestions:

6.1 Deeply understand and alert to the "black swan" incident in overseas financial markets, and establish a more complete stress testing mechanism, early warning mechanism and risk control mechanism.

Chinese enterprises should fully understand the detailed trading rules of overseas futures markets and derivatives markets, strictly divide speculation and hedging positions, establish an effective financial firewall, and establish risk early warning mechanism, management mechanism and crisis disposal mechanism. Implement penetrating supervision to establish relevant wind control.

The above four typical cases have one thing in common, that is, excessive concentration of positions (short/long) is easy to trigger a "concentrated sniper" of foreign capital, and stimulate the "forced position" behavior of futures and spot trade unions. We should establish a strict approval mechanism for Chinese enterprises to participate in hedging positions in overseas financial markets, and risk management mechanisms such as monitoring abnormal transactions and early closing of positions.

6.2.Better use of comprehensive financial insurance instruments such as "insurance + futures".

"Insurance + futures" and over-the-counter options are both tools to realize risk transfer, and they should be timely selected to match the price insurance provisions and flexible financial derivatives hedging means. Enterprises should use derivative instruments such as futures, options and forwards according to their financial strength and derivative trading ability to improve the hedging program of over-the-counter transactions.

At the same time, hedging needs to start from the spot, strictly divide speculation and hedging positions, reduce excessive shorting in the absence of spot support, reduce exposure, and improve the ability to defend against market risks.

6.3.Increase information disclosure and establish a strong regulatory mechanism.

In the above four typical cases, AVIC developed from the initial 2 million barrels of futures hedging to 52 million barrels at the time of final delivery, and AVIC's head has not reported to the Chinese group company, causing the situation to worsen. In the Bank of China crude oil treasure incident, after the implementation of the negative price mechanism in CME, the head of the Bank of China crude oil treasure business failed to close the position stop loss in time, resulting in further expansion of losses.

A set of mandatory disclosure mechanisms and regulatory mechanisms should be established to improve disclosure provisions on financial statements, drawing on a series of financial supervision and accounting mechanisms of the FASB and the IASB. At the same time, Chinese enterprises in charge of overseas projects, CEOs, CFOs, etc. to establish a first-hand responsibility system and accountability system.

6.4.Establish an adequate evaluation mechanism for foreign capital, especially hedge funds, venture capital companies, and international "speculators" who have been engaged in short/long-term business for a long time.

The "financial traps" set by foreign capital must be fully forewarned and resolved, and weak legislative links such as overseas supervision in the Anti-Monopoly Law should be perfected. Improve relevant legal sanctions against malicious mergers and acquisitions of foreign capital, unequal clauses, anti-monopoly, insider trading investigations, etc.

The opponents of the four typical financial cases basically point to several major international financial giants such as Goldman Sachs, JPMorgan Chase, Glencore and Mitsui Group. These well-known overseas capital not only has strong risk-to-gambling resources, but also has a mature upstream and downstream chain covering business consulting, information trading, cargo storage and trade transportation systems.

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