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Research on Impact of Monetary Policy Adjustments on Stock Return Volatility of A-share Securities Companies

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Abstract

As the connection between China's monetary policy and the capital market has become increasingly close, the People's Bank of China created the "Securities, Funds, and Insurance Companies Swap Facility (SFISF)" and other structural monetary policy tools directly targeting the capital market in 2024. This policy innovation provides a rare "quasi-natural experiment" scenario for studying the transmission mechanism of how monetary policy affects stock market volatility through investor sentiment. This paper aims to construct a comprehensive analytical framework of "structural monetary policy shock - stock return volatility", taking the first 17 listed securities companies participating in the "Securities, Funds, and Insurance Companies Swap Facility" operation as samples, and uses the event study method to systematically evaluate the market effect of the policy shock. The research finds that the policy announcement generated a significant short-term positive shock. The sample securities companies obtained significant positive abnormal returns within the event window, and large securities companies had a faster short-term response and higher returns, while small and medium-sized securities companies had greater long-term volatility and were more sensitive to risk exposure, showing obvious scale heterogeneity.

Keywords

Structural Monetary Policy; Event Study Method; Stock Volatility; Size Heterogeneity.

1. Introduction

As China's economic development enters a new stage where structural adjustment and high-quality growth are given equal weight, the country is confronted with multiple challenges, including a complex external environment, a contraction in domestic demand, and weakened expectations. These factors have led to a weakening of domestic demand, the emergence of deflationary pressure, and high financing costs for the real economy. To address this situation and support the development of the stock market, the People's Bank of China made a significant innovation in monetary policy on September 24, 2024, announcing the creation of two structural tools directly targeting the capital market. Among them, the "Securities, Funds, and Insurance Companies Swap Facility" enables qualified financial institutions to use bonds, stock ETFs, and other assets as collateral to swap for high-grade liquid assets from the central bank, thereby enhancing their financing capabilities. This policy innovation stems from the characteristics of China's "policy-driven market" and the particularity of its investor structure. Research both domestically and internationally generally holds that monetary policy is a crucial macro factor influencing stock market volatility (Kurov, 2010).[6] The announcement of this information on September 24, 2024, can be regarded as a policy shock event with sudden and exogenous features, providing a rare "quasi-natural experiment" scenario for analyzing the impact of monetary policy on stock market volatility.

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2. Literature Review

2.1. Emergencies and Fluctuations in the Financial Market

Sudden policy events, major public crises, and institutional adjustments are widely regarded as "quasi-natural experiments" for identifying causal effects in financial markets due to their strong exogenous nature and concentrated information shocks. Foreign research mostly focuses on "black swan" events such as financial crises and epidemics, using methods like event study and GARCH family models to examine the impact of sudden events on stock returns and volatility. Sun et al. (2021) found that the COVID-19 pandemic had an overall negative impact on the Chinese stock market; Jones & Seguin (1997) pointed out that institutional events affect short-term volatility by changing transaction costs[5]; Brown (1999) explained from the perspective of noise trading that event shocks would amplify irrational trading by investors. [2]

Domestic research, apart from "black swan" events, focuses more on policy-related emergencies such as changes in trading systems and regulatory adjustments. Huang Ke et al. (2021) found that black swan events changed the connectivity characteristics between the stock market and other financial markets[4]; Wang Mingtao et al. (2012)[10] demonstrated that there is a positive price reaction in the market after policy positive announcements, and there is asymmetry in information transmission between bull and bear markets; Lei Likun et al. [7](2018) discovered that an increase in policy uncertainty significantly increases the long-term volatility of the market, and domestic economic policies are the main cause of the long-term fluctuations in the stock market. Yang Xiaolan et al. (2020)[13] based on the investor social interaction model found that policy information spreading through social media is prone to form an "opinion leader effect", amplifying the market reaction to policy shocks. Wang Qian (2025) based on the research of SFISF policy events indicated that structural liquidity support tools have a stabilizing effect on market expectations and revealed the short-term and long-term heterogeneity characteristics of the impact of policies on the stock prices of securities companies.

2.2. Impact of Monetary Policy on the Fluctuations of the Stock Markets

A large number of domestic and foreign studies have shown that monetary policy is an important macro factor influencing the volatility of the stock market. Changes in interest rates can affect the present value of future cash flows through the discount rate channel (Bernanke & Kuttner, 2005)[1], thereby influencing the level and volatility of stock prices. Further research has found that monetary policy not only affects the level of stock prices, but also influences market risk preferences and expected uncertainty, and has significant asymmetry and heterogeneity in its impact on the volatility of different stock market components (Yang Peng & Liu Han, 2023). [12]

In emerging markets, the impact of monetary policy shocks is more prominent. Di Chaolun (2021) constructed the "Central Bank Behavior Index", which shows that the impact of monetary policy operations on market fluctuations is stronger than that of central bank communication[3]. Structural monetary policy tools are different from traditional policies and are more targeted and targeted. Zhu Cui's (2025)[14] analysis indicates that stock repurchase and re-lending have enhanced the market value management capabilities of listed companies and market liquidity, but they may trigger excessive speculation. Wang Qian (2025)[11], taking the creation of SFISF as an event, found that after the policy was announced, both the returns and volatility of the securities company sector underwent significant changes.

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3. Research on the Impact of Monetary Policy Adjustments on the Stock Return Volatility of A-share Securities Companies

3.1. The Market Response to the Comprehensive Daily Market Return Rate and Volatility of A-shares

Taking the comprehensive daily market return rate of A-shares as the overall market return rate, calculate the market volatility from 2024-01-01 to 2025-02-28 based on the 20-day rolling standard deviation, and draw the complete return rate and volatility curve:

$$\sigma_t = \sqrt{\frac{1}{20-1}\sum_{k=0}^{19}(r_{t-k} - \bar{r}_t)^2} \tag{1}$$

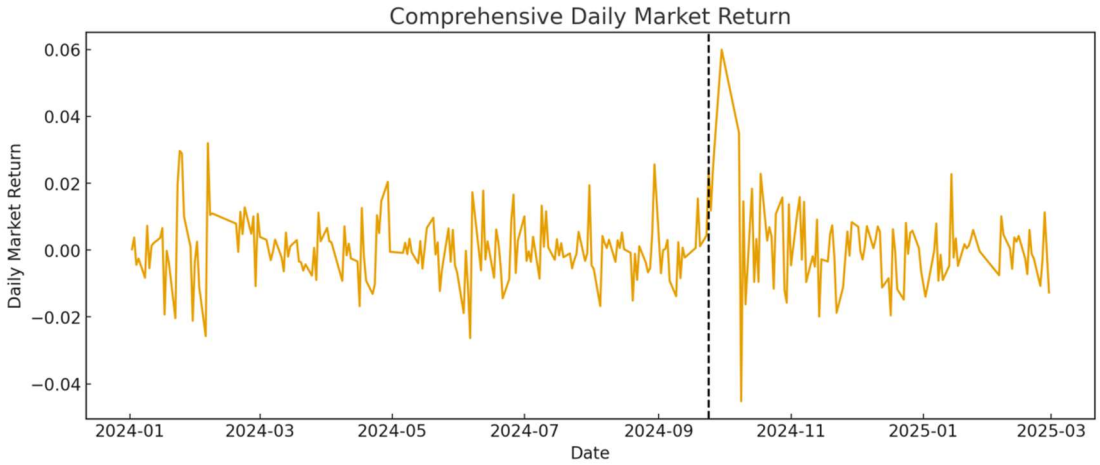

Figure 1. Market return rate curve

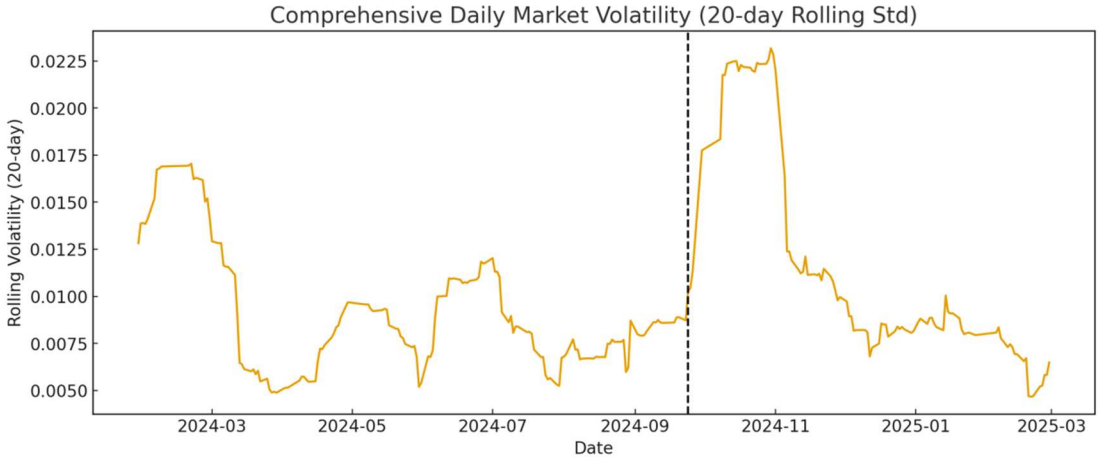

Figure 2. Market volatility curve

From Figures 1 and 2, since the beginning of 2024, the overall daily market return rate of the comprehensive A-share market has fluctuated slightly around the zero axis, with a relatively stable trend. There have been no significant systematic single-day shocks. Before September 24th, the fluctuation range of the daily market return rate was generally small, and the rises and falls were mostly within the normal range, reflecting that before the official policy was proposed, the investor sentiment and market expectations were generally stable.

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This chapter employs the event study method to analyze the impact of SFISF on the stock prices of China's securities industry. The total observation period is from January 1, 2024 to February 28, 2025. By combining the market return rate and volatility curve analysis, the date of the central bank's first official announcement of the establishment of SFISF on September 24, 2024 is designated as the event date (T=0). This date marks the official entry of the policy into the public domain.

3.2. Data Source and Window Selection

3.2.1. Source of Sample Data

The stock data from the main board market of Shanghai and Shenzhen A-shares were selected as the overall sample. Stocks with abnormal conditions such as ST and PT, as well as those with missing data, were excluded. All the financial data of the stocks were sourced from the CSMAR and RESSET databases, covering the period from January 1, 2024 to February 28, 2025. Seventeen securities companies from the first batch of non-banking financial institutions participating in SFISF were selected as the sample institutions. The main reasons are as follows: Firstly, there has been sufficient time since the policy announcement to set up the research window; Secondly, the list of the first batch of institutions approved to participate mostly consists of leading financial institutions in the industry, which has a demonstration effect.

3.2.2. Event Window Selection

Drawing on the method of Sun et al. (2021),[8] this paper selects the estimation window and event window as follows:

The first step is to estimate the window period, which is used to depict the market normal state before the policy disclosure, in order to calculate the expected return rate. Based on the comprehensive market reaction, this paper selects the range of [-150, -10] as the estimation window. Within this range, the overall market return rate did not experience an extreme decline of more than 3% on any single day, and the volatility was relatively stable, making the possibility of a direct short-term impact relatively small.[9]

The second is the event study window period. To facilitate the observation of the impact before and after the creation of policy tools, based on the event date, as shown in Figures 3.1 and 3.2, the overall market return rose significantly on September 24th, and the volatility also increased sharply. Therefore, the policy event window [-10, -1] can be defined as the pre-event window, [0, 9] as the event window, and [10, 20] as the post-event window. This is used to assess the impact brought by the creation of policy tools and reveal potential effects.

3.3. Descriptive Statistics

3.3.1. Descriptive Statistics of the Daily Return Rate of the Comprehensive Market

Table 1. Descriptive statistics of the daily return rate of the comprehensive market

Period	Sample Size	Min	Max	Mean	Variance	Std. Dev.	Skewness	Kurtosis
2024.03.01—2024.09.23	2641	-0.0361	0.0361	-0.0005	0.0001	0.0080	0.3275	3.8599
2024.09.24—2025.02.28	1938	-0.0850	0.1070	0.0022	0.0003	0.0176	0.5892	9.5804

As shown in Table 1, before the event, the daily market return rate fluctuated relatively little, with the maximum increase or decrease being approximately ±3.61% and the standard deviation being 0.0080. The overall risk was not high. After the event, the fluctuations significantly magnified, with the maximum increase reaching 10.70% and the maximum decrease 8.50%. The standard deviation expanded to 0.0176, and the variance increased to three times that before the event. The skewness rose to 0.59, the kurtosis reached 9.58, the characteristics of sharp peaks and thick tails were obvious, and the extreme fluctuations and risks increased significantly.

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3.3.2. Descriptive Statistical Analysis of Different Stocks

(1) Stock return rate and volatility

Descriptive statistics were conducted on the returns and volatility of 17 sample stocks to obtain the comparisons before and after the events respectively. The returns were characterized by logarithmic returns, and the volatility was depicted by the GARCH(1,1) model.

Table 2. Descriptive statistics of the return rate of sample stocks

Broker Type	Stock Code/Company Name		Sample Size		Mean		Std. Dev.		Min		Median		Max	
			Before	After	Before	After	Before	After	Before	After	Before	After	Before	After
Small and Medium-sized Non-bank Financial Institutions	000776	GF Securities	139	102	-0.0008	0.0021	0.0105	0.0254	-0.0324	-0.0781	-0.0015	0	0.0403	0.0954
	002736	Guosen Securities	129	102	0.0006	0.0014	0.0147	0.0245	-0.0511	-0.0579	0	-0.0009	0.0494	0.0957
	300059	East Money Information	139	102	-0.0019	0.0076	0.017	0.053	-0.0713	-0.192	-0.0019	0.0022	0.0707	0.1823
	600918	Zhongtai Securities	139	102	-0.0016	0.0013	0.0147	0.0258	-0.0484	-0.1047	-0.0017	0.0007	0.0635	0.0959
	601108	Caitong Securities	139	102	-0.0013	0.0019	0.0138	0.0272	-0.0407	-0.1055	0	0.0012	0.0572	0.0951
	601377	Industrial Securities	139	102	-0.0006	0.0014	0.0112	0.0255	-0.0304	-0.1054	0	0.0008	0.0502	0.0953
	601788	Everbright Securities	139	102	-0.0009	0.0018	0.0146	0.0302	-0.0431	-0.1055	-0.0014	0.0006	0.0605	0.0955
	601881	China Galaxy Securities	139	102	-0.0004	0.0039	0.0219	0.0338	-0.0703	-0.1052	-0.0017	0.002	0.0954	0.0954
Large Non-bank Financial Institutions	000166	Shenwan Hongyuan	139	102	-0.0005	0.0018	0.0122	0.0266	-0.0734	-0.1038	-0.0021	0	0.0469	0.0953
	600030	CITIC Securities	139	102	-0.0005	0.0035	0.0142	0.03	-0.0503	-0.0896	-0.0005	0.0018	0.0525	0.0954
	600958	Orient Securities	139	102	-0.0001	0.0013	0.012	0.0275	-0.0295	-0.0934	0	-0.0009	0.0464	0.0953
	600999	China Merchants Securities	139	102	0.0007	0.0018	0.0104	0.027	-0.0219	-0.067	0.0007	-0.0008	0.0553	0.0955
	601066	CSC Financial	139	102	-0.0011	0.0021	0.0147	0.0299	-0.0359	-0.0745	-0.0004	-0.0008	0.0528	0.0955
	601211	Guotai Junan Securities	129	93	0	0.0019	0.0126	0.0246	-0.027	-0.0546	-0.0007	-0.0011	0.0479	0.0955
	601688	Huatai Securities	139	102	-0.0005	0.0029	0.0138	0.0258	-0.0427	-0.0818	-0.0008	0.0017	0.0675	0.0953
	601878	Zheshang Securities	139	102	0.0006	0.0005	0.0235	0.0278	-0.1054	-0.105	-0.0009	-0.0004	0.0956	0.0953
	601995	CICC	139	102	-0.0014	0.0021	0.0182	0.0342	-0.0465	-0.1054	-0.0003	0	0.0952	0.0954

As can be seen from Table 2, the average return of securities firms after the event turned from negative to positive, with significant increase in volatility and an expansion of extreme values. Small and medium-sized securities firms are more sensitive to policy shocks. Their returns improve and the degree of volatility amplification are both higher than those of large securities firms, the latter of which have a stronger risk tolerance.

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Table 3. Descriptive statistics of the volatility of sample stocks

Broker Type	Stock Code/Company Name		Sample Size		Mean		Std. Dev.		Min		Median		Max	
			Before	After	Before	After	Before	After	Before	After	Before	After	Before	After
Small and Medium-sized Non-bank Financial Institutions	000776	GF Securities	139	102	0.0132	0.0201	0.0021	0.0112	0.0108	0.0114	0.0125	0.0160	0.0213	0.0650
	002736	Guosen Securities	129	102	0.0175	0.0203	0.0023	0.0075	0.0153	0.0153	0.0167	0.0172	0.0279	0.0574
	300059	East Money Information	139	102	0.0225	0.0404	0.0039	0.0246	0.0183	0.0196	0.0215	0.0311	0.0409	0.1340
	600918	Zhongtai Securities	139	102	0.0155	0.0188	0.0037	0.0096	0.0128	0.0128	0.0144	0.0150	0.0383	0.0663
	601108	Caitong Securities	139	102	0.0185	0.0223	0.0022	0.0082	0.0166	0.0167	0.0179	0.0193	0.0307	0.0633
	601377	Industrial Securities	139	102	0.0138	0.0203	0.0023	0.0113	0.0111	0.0118	0.0133	0.0158	0.0253	0.0701
	601788	Everbright Securities	139	102	0.0199	0.0245	0.0022	0.0084	0.0178	0.0179	0.0192	0.0215	0.0326	0.0637
	601881	China Galaxy Securities	139	102	0.0246	0.0273	0.0053	0.0090	0.0219	0.0219	0.0228	0.0234	0.0550	0.0631
Large Non-bank Financial Institutions	000166	Shenwan Hongyuan	139	102	0.0164	0.0204	0.0026	0.0086	0.0148	0.0148	0.0156	0.0170	0.0361	0.0624
	600030	CITIC Securities	139	102	0.0172	0.0234	0.0029	0.0104	0.0143	0.0149	0.0163	0.0190	0.0310	0.0639
	600958	Orient Securities	139	102	0.0154	0.0211	0.0019	0.0099	0.0131	0.0133	0.0149	0.0173	0.0261	0.0648
	600999	China Merchants Securities	139	102	0.0134	0.0214	0.0024	0.0114	0.0112	0.0113	0.0129	0.0166	0.0274	0.0611
	601066	CSC Financial	139	102	0.0177	0.0220	0.0027	0.0100	0.0154	0.0154	0.0168	0.0182	0.0324	0.0619
	601211	Guotai Junan Securities	129	93	0.0158	0.0192	0.0020	0.0079	0.0140	0.0140	0.0151	0.0162	0.0257	0.0543
	601688	Huatai Securities	139	102	0.0165	0.0198	0.0024	0.0080	0.0146	0.0146	0.0158	0.0165	0.0329	0.0562
	601878	Zheshang Securities	139	102	0.0223	0.0232	0.0059	0.0075	0.0194	0.0194	0.0203	0.0201	0.0599	0.0597
	601995	CICC	139	102	0.0229	0.0268	0.0035	0.0098	0.0202	0.0201	0.0219	0.0224	0.0472	0.0646

Table 3 shows that the volatility of securities firms generally rose after the incident, with small and medium-sized securities firms experiencing greater increases and more unstable fluctuations. Large-scale securities firms have seen moderate growth, stable structures and stronger risk resistance capabilities.

3.4. Event Study Method Model

3.4.1. Calculate the Abnormal Rate of Return and the Cumulative Abnormal Rate of Return

$$R_{i,t} = \alpha + \beta R_{m,t} + \varepsilon_{i,t} \tag{2}$$

$$E(R_{i,t}) = \alpha + \beta R_{m,t} \tag{3}$$

$$AR_{i,t} = R_{i,t} - E(R_{i,t}) \tag{4}$$

In the above formula, $R_{i,t}$ represents the return rate of the i-th stock on day t， $R_{m,t}$ represents the return rate of the Shanghai Stock Index on day t. Here, $E(R_{i,t})$ represents the expected return rate of individual stock i on day t， $AR_{i,t}$ represents the abnormal return of stock i on day t.

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$$AAR_t = \frac{1}{N}\sum_{i=1}^{n} AR_{i,t} \quad (5)$$

$$\mathrm{CAAR}_t = \sum_{t=t_1}^{t_2} AAR_t \quad (6)$$

AAR_t represents the average abnormal return rate of all stocks in the A-share market on day "t", where "N" denotes the total number of companies. $CAAR_t$ is the cumulative sum of AAR_t within the different event time intervals [t1, t2].

3.4.2. Analysis of Event Research Results

(1) Research results on events of sample institutions of different scales

AR, AAR and CAR, CAAR results

Table 4. Daily abnormal returns of 9 large non-bank financial institutions (Market model, AR)

t	000166 Shenwan Hongyuan	600030 CITIC Securities	600958 Orient Securities	600999 China Merchants Securities	601066 CSC Financial	601211 Guotai Junan Securities	601688 Huatai Securities	601878 Zheshang Securities	601995 CICC
-10	0.0307	0.0089	-0.0004	0.0100	0.0226	0.0317	0.0214	0.0390	0.0117
-9	-0.0106	0.0001	-0.0036	-0.0005	0.0036	0.0184	0.0010	0.0026	0.0115
-8	-0.0107	-0.0079	-0.0077	-0.0023	0.0129	0.0172	0.0003	-0.0076	-0.0055
-7	-0.0139	0.0061	0.0052	-0.0103	-0.0037	0.0126	0.0082	-0.0025	0.0042
-6	-0.0026	-0.0034	0.0010	-0.0006	0.0011	0.0043	-0.0004	0.0044	-0.0013
-5	0.0022	0.0040	-0.0012	0.0051	0.0033	0.0055	0.0023	-0.0055	-0.0007
-4	0.0050	0.0061	0.0035	0.0046	0.0041	0.0042	0.0041	0.0033	0.0004
-3	0.0033	-0.0020	0.0002	0.0039	0.0018	0.0020	-0.0003	0.0038	0.0005
-2	0.0027	0.0031	0.0025	0.0034	0.0043	0.0032	0.0025	0.0034	0.0047
-1	-0.0018	0.0011	-0.0018	0.0033	0.0032	0.0002	0.0004	0.0017	0.0002
0	0.0432	0.0132	0.0099	0.0248	0.0167	0.0195	0.0179	0.0239	0.0234
1	-0.0058	0.0034	0.0010	0.0031	-0.0022	0.0010	-0.0004	0.0028	-0.0029
2	0.0133	0.0121	0.0071	0.0117	0.0074	0.0118	0.0094	0.0112	0.0126
3	0.0376	0.0373	0.0314	0.0356	0.0332	0.0363	0.0349	0.0354	0.0392
4	0.0157	0.0163	0.0147	0.0164	0.0153	0.0177	0.0150	0.0158	0.0170
5	0.0201	0.0207	0.0190	0.0210	0.0195	0.0218	0.0196	0.0201	0.0215
6	0.0038	0.0046	0.0032	0.0052	0.0041	0.0048	0.0044	0.0047	0.0050
7	-0.0163	-0.0170	-0.0152	-0.0167	-0.0148	-0.0172	-0.0149	-0.0161	-0.0166
8	0.0192	0.0207	0.0191	0.0211	0.0200	0.0223	0.0202	0.0213	0.0219
9	-0.0205	-0.0211	-0.0199	-0.0208	-0.0202	-0.0220	-0.0203	-0.0210	-0.0215
10	-0.0182	-0.0191	-0.0176	-0.0186	-0.0180	-0.0195	-0.0178	-0.0184	-0.0190
11	0.0006	0.0007	0.0005	0.0006	0.0005	0.0008	0.0006	0.0007	0.0008
12	-0.0001	0.0000	-0.0002	-0.0001	-0.0001	0.0001	0.0000	-0.0002	-0.0001
13	0.0239	0.0248	0.0233	0.0244	0.0240	0.0263	0.0242	0.0254	0.0260
14	-0.0252	-0.0260	-0.0247	-0.0256	-0.0254	-0.0277	-0.0257	-0.0268	-0.0273
15	-0.0005	-0.0006	-0.0004	-0.0005	-0.0005	-0.0007	-0.0005	-0.0006	-0.0007
16	-0.0084	-0.0087	-0.0081	-0.0091	-0.0021	-0.0068	-0.0055	-0.0127	-0.0136
17	-0.0015	-0.0016	-0.0023	-0.0025	-0.0007	-0.0004	0.0011	0.0037	0.0024
18	-0.0118	-0.0121	-0.0097	-0.0105	-0.0124	-0.0154	-0.0110	-0.0236	-0.0129
19	-0.0109	-0.0112	-0.0148	-0.0131	-0.0157	-0.0152	-0.0036	-0.0207	-0.0067
20	-0.0017	-0.0018	-0.0024	-0.0096	-0.0027	0.0116	0.0034	-0.0041	-0.0060

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Table 5. Daily abnormal returns of 8 small and medium-sized non-bank financial institutions (Market Model, AR)

t	000776 GF Securities	002736 Guosen Securities	300059 East Money Information	600918 Zhongtai Securities	601108 Caitong Securities	601377 Industrial Securities	601788 Everbright Securities	601881 China Galaxy Securities
-10	0.0077	-0.0038	0.0088	0.0166	0.0180	0.0118	0.0137	0.0661
-9	0.0015	-0.0034	0.0066	0.0101	0.0079	-0.0019	-0.0015	0.0054
-8	0.0011	-0.0014	-0.0046	-0.0139	-0.0065	-0.0077	-0.0089	-0.0148
-7	-0.0003	-0.0032	0.0025	-0.0076	-0.0037	0.0002	-0.0021	-0.0041
-6	0.0037	0.0145	-0.0019	0.0013	0.0110	0.0086	-0.0045	-0.0003
-5	0.0059	0.0000	0.0046	0.0108	0.0082	0.0072	0.0030	0.0017
-4	0.0092	0.0002	0.0003	0.0032	0.0033	0.0083	0.0040	0.0084
-3	0.0023	0.0031	0.0008	0.0003	-0.0009	-0.0024	0.0048	0.0053
-2	0.0029	0.0025	0.0011	0.0073	0.0007	0.0071	0.0012	0.0064
-1	0.0037	0.0050	0.0023	0.0045	0.0021	0.0012	0.0044	0.0019
0	0.0171	0.0251	0.0438	0.0303	-0.0001	0.0210	0.0054	0.0304
1	0.0045	-0.0056	0.0079	0.0031	0.0026	0.0001	0.0035	0.0031
2	0.0081	0.0064	0.0155	0.0122	0.0092	0.0093	0.0093	0.0117
3	0.0263	0.0307	0.0412	0.0340	0.0221	0.0311	0.0314	0.0409
4	0.0131	0.0116	0.0172	0.0119	0.0120	0.0121	0.0146	0.0182
5	0.0176	0.0156	0.0205	0.0180	0.0168	0.0171	0.0189	0.0213
6	0.0061	0.0023	0.0073	0.0049	0.0038	0.0045	0.0051	0.0060
7	-0.0144	-0.0111	-0.0164	-0.0129	-0.0116	-0.0121	-0.0135	-0.0157
8	0.0178	0.0164	0.0201	0.0190	0.0186	0.0188	0.0203	0.0225
9	-0.0194	-0.0185	-0.0203	-0.0199	-0.0192	-0.0196	-0.0206	-0.0218
10	-0.0188	-0.0196	-0.0201	-0.0193	-0.0183	-0.0192	-0.0199	-0.0207
11	0.0004	0.0006	0.0008	0.0005	0.0003	0.0005	0.0007	0.0009
12	-0.0003	0.0002	0.0001	-0.0002	-0.0001	0.0000	0.0001	0.0002
13	0.0219	0.0228	0.0248	0.0233	0.0226	0.0230	0.0251	0.0272
14	-0.0244	-0.0231	-0.0261	-0.0250	-0.0245	-0.0248	-0.0268	-0.0286
15	-0.0003	-0.0010	-0.0006	-0.0005	-0.0004	-0.0005	-0.0007	-0.0009
16	-0.0088	-0.0082	-0.0091	-0.0095	-0.0090	-0.0092	-0.0099	-0.0105
17	-0.0019	-0.0016	-0.0021	-0.0018	-0.0017	-0.0018	-0.0022	-0.0024
18	-0.0123	-0.0131	-0.0137	-0.0130	-0.0125	-0.0128	-0.0140	-0.0155
19	-0.0114	-0.0108	-0.0121	-0.0118	-0.0115	-0.0116	-0.0127	-0.0139
20	-0.0020	-0.0018	-0.0022	-0.0019	-0.0018	-0.0019	-0.0023	-0.0025

In order to better measure the impact of monetary policy shocks on the earnings and fluctuations of specific non-bank financial institutions, and further analyze the abnormal earnings of 17 securities companies among the first batch of non-bank financial institutions participating in SFISF, as they are representative of securities companies. By comparing the AAR and CAAR of two types of non-bank financial institutions, the impact of SFISF creation on non-bank financial institutions of different scales is analyzed. The AR and AAR results are shown in Tables 4, 5 and 6, while the CAR and CAAR results are presented in Tables 7, 8 and 9.

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Table 6. Comparison of AAR of non-bank financial institutions of different scales

Event Day t	Small and Medium-sized Non-bank Financial Institutions	Large Non-bank Financial Institutions
-10	0.0174**	0.0201***
-9	0.0031*	0.0007
-8	-0.0071***	-0.0036*
-7	-0.0023**	-0.0010
-6	0.0040*	-0.0001
-5	0.0082***	0.0069***
-4	0.0036*	0.0023
-3	0.0026	-0.0019
-2	0.0024	0.0029*
-1	0.0014	-0.0028
0	0.0216***	0.0263***
1	0.0111***	0.0041
2	0.0193**	0.0143***
3	0.0372***	0.0310***
4	0.0150	0.0111
5	0.0273***	0.0323***
6	0.0120	-0.0020
7	-0.0314*	-0.0535***
8	0.0371*	0.0232**
9	-0.0284**	-0.0292***
10	-0.0221***	-0.0167***
11	-0.0018	0.0027
12	-0.0001	-0.0055
13	0.0235***	0.0252***
14	-0.0268***	-0.0239***
15	-0.0021	-0.0030
16	-0.0087***	-0.0068**
17	-0.0010	0.0024
18	-0.0116***	-0.0047
19	-0.0118***	-0.0123***
20	-0.0021	0.0018

Note: *, **, and *** respectively represent significance at the 10%, 5%, and 1% levels.

From the results in Tables 4, 5, and 6, it can be seen that within the event-preceding window [-10, -1], the AR values of both types of institutions were close to zero, showing no significant differentiation. The market as a whole was in a cautious expectation state. During the event window, both types of institutions exhibited significant positive abnormal returns, but the reaction amplitude of large institutions was more pronounced: most large securities firms had an AR of 1.3% - 4.3% at t=0, while the AR of small and medium-sized securities firms turned positive but the distribution was more dispersed and the absolute value was lower. From the comparison in Table 6 regarding AAR, the daily AAR of large institutions was significantly higher than that of small institutions, with some trading days exceeding 3%, while small institutions were mostly in the 1% - 2% range. This indicates that large securities firms responded more quickly and concentratedly to the liquidity improvement signal released by

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the SFISF announcement, and their policy sensitivity was significantly stronger than that of small institutions.

Table 7. Comparison of AAR of non-bank financial institutions of different scales

Time Window	000166 Shenwan Hongyuan	600030 CITIC Securities	600958 Orient Securities	600999 China Merchants Securities	601066 CSC Financial	601211 Guotai Junan Securities	601688 Huatai Securities	601878 Zheshang Securities	601995 CICC
[-10,-1]	-0.0087	0.0182	-0.0085	0.0064	0.0551	0.0000	0.0512	0.0222	0.0522
[0,9]	0.0940	0.1454	0.0286	0.1781	0.1202	0.2617	0.0613	-0.0766	-0.0252
[10,20]	-0.0430	-0.0524	-0.0707	-0.0777	-0.1048	-0.0479	-0.0165	-0.0941	-0.0744

Table 8. Comparison of AAR of non-bank financial institutions of different scales

Time Window	000776 GF Securities	002736 Guosen Securities	300059 East Money Information	600918 Zhongtai Securities	601108 Caitong Securities	601377 Industrial Securities	601788 Everbright Securities	601881 China Galaxy Securities
[-10,-1]	0.0247	0.0538	0.0359	0.0069	0.0467	0.0256	0.0245	0.0480
[0,9]	0.0978	0.0994	0.4150	-0.0266	-0.0024	0.0221	-0.0104	-0.0357
[10,20]	-0.0252	-0.0602	0.0120	-0.0318	-0.0449	-0.0011	-0.0703	-0.0795

Table 9. Comparison of AAR of non-bank financial institutions of different scales

Time Window t	Large Non-bank Financial Institutions	Small and Medium-sized Non-bank Financial Institutions
t = [-10,-1]	0.0235**	0.0332***
	(2.4950)	(5.9750)
t = [0,9]	0.1013**	0.0699
	(2.5199)	(1.3275)
t = [10,20]	-0.0646***	-0.0376***
	(-7.0825)	(-3.2798)

Note: *, **, and *** respectively represent significance at the 10%, 5%, and 1% levels; The values in parentheses are t.

From Tables 7 and 8, it can be seen that within the event-preceding window [-10, -1], the CAR values of both types of institutions were mostly positive. Large institutions (such as CITIC Securities 0.0182) were slightly higher than small institutions (such as Guangfa Securities 0.0247), showing a certain "pre-policy layout" feature. The differentiation was most pronounced in the event window [0, 9]: Large institutions achieved a significant positive cumulative effect (China Merchants Securities 0.1781, CITIC Securities 0.1454), quickly releasing the upward momentum; Small institutions had a dispersed CAR distribution and even negative values (Zhongtai Securities -0.0266). In the event-posting window [10, 20], both types of institutions experienced cumulative declines, and the negative CAR differences narrowed, showing a convergent feature.

From Table 9, the CAAR (Cumulative Annualized Return) for large institutions within the event window is 0.1013 and is significant, while for medium-sized institutions it is 0.0699 but not significant. This indicates that the cumulative returns of large institutions have increased more rapidly. After the event, the CAARs of both types of institutions are significantly negative, and the difference has converged.

Based on the analysis in Chapter 3, the announcement of structural monetary policy tools significantly increased the abnormal returns of non-bank financial institutions, and this effect

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showed significant heterogeneity: Large securities firms responded quickly and had higher returns; Small and medium-sized securities firms experienced greater fluctuations in the long term and were more sensitive to risks. Their initial responses were weaker, but as the policy effect spread, the fluctuations and changes in returns became more obvious, showing a lagging nature.

4. Conclusion

This study takes the first batch of 17 listed securities firms participating in the SFISF operation as samples and uses the event study method to evaluate the market effect of policy announcements. The main conclusions are as follows: First, the announcement of the policy has a significant short-term positive impact. The AAR on the event day is approximately 0.6% to 0.7%, and the CAAR is significantly positive within the event window [0,9]. However, within the post-event window [10,20], the CAAR turns significantly negative, presenting the characteristics of "short-term boost and long-term neutrality". Second, there is significant scale heterogeneity in policy effects: Large securities firms, relying on their capital and information advantages, respond more quickly and achieve more significant returns in the short term. Although small and medium-sized securities firms lag behind in the short term, they experience greater fluctuations in the medium and long term and have more thorough exposure to tail risks. It is suggested to strengthen the management of policy expectations, pay attention to institutional heterogeneity, and intensify investor education to guide rational expectations.

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