

# The Impact of Policies Regulating the Development of Private Equity on the Growth of Investment Firms

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**Abstract.** In the current economic environment, there are many kinds of private investment. The importance of how to ensure that investment companies operate rationally and invest successfully, regulate investment behavior and private equity fund managers of investment companies is becoming more and more apparent. Stable and reasonable regulatory policies are conducive to the promotion of improved profitability of investment companies and the long-term stable development of the capital market, among which the promulgation of the Regulations on Supervision and Administration of Private Investment Funds (the "Regulations") has had a profound impact on the growth of investment companies. This paper focuses on the positive and negative impacts of the Regulations on the growth of companies, and selects representative companies in the capital market services for comparative analysis. The results of the study show that the promulgation of the Regulations further regulates the development of the private equity fund industry, making investors more cautious in their decision-making, and thus promotes the development of the growth of private equity fund investment companies.

**Keywords:** Policy; private equity; firm growth.

## 1. Introduction

### 1.1. Research Background

Since 2023, the volatility of the international market has intensified, and the recovery of the world economy has been weak. In the face of the complex and severe external environment and multiple domestic difficulties and challenges, China insists on seeking progress while stabilizing, and the overall economic operation is rebounding and improving. Meanwhile, 2023 is in the period of a new round of technological revolution and global industrial chain adjustment. The private equity market, as an important part of the capital market, has become an important force to promote the growth and innovation of enterprises, as well as an important way to solve the financing difficulties of small and medium-sized enterprises (SMEs) and to realize the optimal allocation of social resources. However, there are many risks in the development of private equity funds, which affect the stability of the fund market, and the government is therefore increasingly regulating the development of private equity funds, which will have a significant impact on the growth of investment companies, and will bring new opportunities for the high-quality development of China's economy.

In 2023, regulatory policies came out frequently, especially the implementation of the Regulations on Supervision and Administration of Private Investment Funds (the Regulations), the first administrative regulation in the private equity fund industry, which pushed the industry into a new era of strong supervision and standardized development; the overall scale of the industry is progressing steadily, and in the slowdown in the growth of the "power" to improve quality, and strive to achieve their own high-quality development; the private investment is still the focus of all parties in the market, and the performance of the managers earns the full amount of traffic; the industry has become turbid and clear, and a number of managers and products have withdrawn from the historical arena, and the ecosystem of the market is further cleaned up.

## 1.2. Literature Review

Private equity has become an important part of China's capital market that should not be underestimated. The standardized development of private equity and its impact on the growth of investment companies urgently needs in-depth study.

Zhang Xuedong believes that the lack or imperfection of China's regulation and legal norms for private equity funds not only makes it difficult to protect the interests of investors by legal means, but also triggers a lot of problems and risks, and he hopes that China's private equity funds can seek for development in the norms, and seek for norms in the development [1]. According to Long Junpeng, China can learn from the experience of European and American countries in private equity fund supervision, take risk supervision as the guidance, take into account the current situation and trend of the development of the private equity fund industry, and establish a "moderately strict, unified rules, hierarchical classification" of the private equity fund supervision system. At the same time, timely revision of relevant laws and regulations, the timely introduction of the "Interim Regulations on the Administration of Private Equity Funds", the private equity fund industry supervision of major issues in the form of laws and regulations to be clear [2]. According to Jin Lin, the private equity investment industry has a long history of insufficient basis in administrative regulations. The Securities Investment Fund Law of the People's Republic of China, adopted by the Standing Committee of the National People's Congress in October 2003, is only used to regulate public funds, and when the Fund Law was revised in December 2012, private securities investment funds were also included in the scope of regulation, but private equity funds were not explicitly included [3]. Chen Jie believes that the introduction of the Regulations at the macro level to optimize the development environment of China's private equity industry provides a more adequate institutional support and legal protection, and at the level of specific business rules, but also is bound to have a rather far-reaching impact on the overall structure of the future of the private equity fund as well as the development of specific business [4]. Xu Zhiying believes that the world's major economies attach great importance to administrative means of intervention in the market economy, national policies, changes in laws and so on will affect the profitability of the relevant enterprises, investment companies in the process of private investment should not only take into account the current profitability of the enterprise, should also be combined with the trend of changes in the policy for comprehensive consideration [5].

Existing research mainly focuses on the current situation of private equity funds, existing problems and relevant measures to promote the healthy development of private equity funds, which to a certain extent represents the attitudes and policy orientations towards the development of private equity funds at the macro level, but there are relatively few studies that analyze the growth of investment companies at the micro level.

## 1.3. Research Contents

The central question of this study is "the impact of policy regulation of private equity development on the growth of investment firms", and it is hoped that the analysis will reveal the benefits of policy regulation on the promotion of a specific aspect of the firm's development. Through comparative analysis, the performance of the company in terms of net profit margin on total assets, return on net assets, return on investment, and gearing ratio before and after the enactment of the policy is examined to determine the extent of the positive and negative impacts caused by the policy enactment. Ultimately, it is found that the Regulation regulating the development of private equity funds has a greater positive impact on the economic growth aspect of the company's growth, while it is still significantly binding on the investment behavior aspect.

## 1.4. Research Significance

The study of the impact of government regulation of private equity development on corporate growth is of great theoretical and practical significance, and has far-reaching implications for the financial market, business operations and government regulation. This paper draws on the content of the Regulations and the research experience of professional scholars about private equity investment

companies, based on the theory of policy regulating the development of private equity funds affecting the growth of enterprises, analyzes the impact of the industry on behalf of the growth of investment companies through the study of financial reports and related data after the promulgation of the regulations of the capital market entities, and puts forward, based on the results of the analysis, that the Regulations regulating the development of private equity funds are conducive to improving the growth of investment companies is presented based on the results of the analysis, and research insights are proposed for private equity, financing companies and relevant departments. This study is conducive to understanding the impact of government regulation on private equity funds, and also plays an important role in assessing the stability of the financial market and risk management mechanism. Reasonable regulation can better prevent financial risks, slow down market volatility, and promote the sound operation of the entire financial system. The relationship between private equity funds and enterprises also involves corporate governance and information disclosure, and the study of government regulation helps to understand the impact of private equity funds on corporate decision-making and operations, thus improving corporate governance and information transparency.

## **2. Theoretical Foundation and Influence Mechanism Analysis**

### **2.1. Theoretical Foundation**

#### **2.1.1. Concept definition**

The Regulations on the Supervision and Administration of Private Investment Funds are the first administrative regulations for the private investment fund industry in China. The Regulations were formulated in order to regulate the business activities of private investment funds, protect the legitimate rights and interests of investors as well as relevant parties, and promote the standardized and healthy development of the private investment fund industry, in accordance with the Law of the People's Republic of China on Securities Investment Funds, Trust Law of the People's Republic of China, Company Law of the People's Republic of China, Partnership Law of the People's Republic of China, and were issued by the State Council of the People's Republic of China on July 3, 2023, and shall come into force on September 1, 2023[6].

Company growth, also known as the growth of the enterprise, is the development potential of the enterprise through its own production and operation activities, and the continuous expansion of the accumulation of the formation. Whether an enterprise can develop healthily depends on a variety of factors, including the external business environment, the internal quality of the enterprise and resource conditions. Wu Shinong theoretically proposed: the real meaning of growth of listed companies is ROE is greater than the average cost of capital and net profit growth; five key factors affecting growth are asset turnover, gross margin of sales, debt ratio, growth rate of income from main business and the period expense ratio [7]. The measurement centers on the growth rate of enterprise value, which is usually approximated by the growth rate of net income. It can be analyzed with reference to fixed assets and value added growth rate, total profit growth rate, operating income growth rate and other indicators.

#### **2.1.2. Current status of the development of China's private equity investment industry**

Since 2012, China's venture capital market environment has become increasingly standardized, and the scale of private equity fund management has been progressing steadily. According to the latest data from the China Securities Investment Fund Enterprise Association [8], as of the end of December 2023, there were 21,625,000 private equity fund managers in existence, and the number of funds under management was 153,079,000, representing an increase of 8,031 compared with that of the end of last year, or 6%; and the scale of funds under management was 20.58 trillion yuan, representing an increase of 0.55 trillion yuan compared with that of the end of last year, or 2.7%. size of 20.58 trillion yuan, compared with the end of last year, an increase of 0.55 trillion yuan, an increase of 2.7%.

Overall, the scale of private equity fund management has shown steady growth, especially the scale of venture capital funds has grown faster. On the one hand, with the increasing demand for diversified investment, private equity funds have higher flexibility and diversified investment strategies, which can better meet the needs of investors. On the other hand, private equity funds are able to provide investors with more professional investment services and improve the efficiency of asset allocation and yield, attracting more and more investors to participate in them.

Since 2023, the number of private securities investment fund filings has continued to grow, reflecting to a certain extent the positive optimism of private equity institutions and investors towards the A-share market. With the gradual improvement of China's economic fundamentals, the stabilization and recovery of various economic indicators, a series of favorable policies to stabilize growth have gradually come into effect, and private equity fund institutions are also using their own funds and their products one after another, the A-share market is expected to accelerate the rebound, ushering in a double restoration of fundamentals and valuation.

While achieving good performance, the private equity investment market is also stirring up turbidity and moving towards standardized and healthy development. 2023 The SEC guided the stock exchanges to introduce a series of initiatives to strengthen the supervision of programmed trading, clarified the responsibilities of the securities companies for the management of programmed trading, stipulated that the stock exchanges should strengthen the monitoring and surveillance of the key matters such as abnormal trading behaviors, and clarified that the stock exchanges should put forward the differentiated management requirements for the high-frequency trading. It has also clarified the differentiated management requirements for high-frequency trading by the stock exchanges, including adjusting the criteria for recognizing unusual trading and increasing the content of reports.

The above series of initiatives to establish a programmed trading reporting system and corresponding regulatory arrangements have guided the smooth and standardized operation of private equity fund trading. Under strict regulation, advancing programmed trading to be more standardized, enhancing the overall regulatory transparency of the private equity fund investment industry, and combating illegal trading behaviors such as using programmed trading, will help promote the healthy and orderly development of the private equity fund investment industry in the long run.

## 2.2. Positive Impact

The "Regulations" from the basic system level clear top-level design, regulatory ideas and basic systems for the operation of private equity funds to provide the support of the supreme law, to make up for the lack of legislation on the regulation of private equity funds, to solve the problem of the industry's basic rule of law for the supply of insufficient problems, the formation of a perfect legal and regulatory framework system, is the private equity fund industry with a landmark event for the standardized development of the private equity industry and the effective supervision of the private equity industry to provide a strong legal safeguard, for the protection and escort of sustainable and healthy development.

The Regulations have improved the relevant institutional arrangements for the differentiated supervision of venture capital funds, brought stronger management system and laws and regulations for private equity funds [9], and clarified the statutory duties and completely prohibited financial behavior. The regulatory layer according to the content of the regulations to increase penalties for major typical cases, is conducive to the construction of a fairer capital market rule of law environment, improve the supply of the rule of law in the capital market, increase the cost of violations of the law, and the formation of a strong deterrent to the enterprise of the luck of the draw [10].

Compared with public funds, private equity funds have relatively loose policy regulation, relatively flexible investment strategies, fund managers pay more attention to absolute returns and excess returns, and investors are mostly institutional investors or wealthy individual investors [11]. The Regulation strengthens the requirements for fund managers of private equity firms, improves the transparency and integrity of investment advisers, standardizes investment activities, helps to rectify the market, reduces illegal fund-raising and financial fraud, etc., and promotes the healthy

development of private equity investment. Requirement of investment companies to disclose and reveal more data to improve transparency, the side drive companies to improve their financial situation, better independent supervision and rectification.

According to the Regulations, the transparency and risks of the company are disclosed more, and the credit commitment to ensure that the reported materials are true, accurate, complete and comply with the supervision and management provisions [6], which makes the company more preferred by investors, improves investor trust, reduces the difficulty of fund-raising, and makes it is easier to obtain a larger amount of capital compared to other companies under certain circumstances, which helps to promote competition and improve efficiency, while reserving space for orderly innovation of private equity products. With the enhancement of supervision constraints, the probability of survival of private equity funds has increased, indicating that strengthening the regulation of private equity funds has a significant role in promoting the development of investment companies [12].

On the basis of improving the relevant laws and regulations of private equity funds, the state requires systematic project investigation of private equity funds, which effectively prevents and eliminates the risks of private equity funds and promotes the orderly development of sunshine private equity activities on the basis of improving the financial management level of private equity funds. [13] Effective investment by private equity companies following the Regulations will reduce risks and enhance the goodwill and reputation of enterprises, which will bring more cronyism and promote the healthy development of the company.

As a result of changes in macroeconomic objectives and economic policies, private equity investment firms can strengthen their internal corporate risk controls in response to national policy risks [14]. The Regulation reduces the entry threshold and operating costs, promotes market competition, and pushes companies to develop rapidly. At the same time, it requires companies to improve risk management and investment decision-making ability, strengthen due diligence and risk assessment of investment projects, which helps optimize investment strategies and improve investment yield and risk control ability. It helps to promote the transformation and upgrading of the company's management of private equity funds from crude to refined and specialized, enhance the overall service level and development quality, and promote the growth and development of the investment company.

### **2.3. Negative Impact**

Regulatory regulations impose more stringent restrictions on the investment direction and mode of private equity funds to ensure compliance of fund operations and risk control of investments, resulting in more limited investment choices for corporate private equity funds, which are unable to invest flexibly according to market demand and opportunities. Excessive regulation also restricts private equity fund managers from adopting new investment strategies or participating in emerging markets, thus hindering market innovation. It may even make it difficult for private equity funds to make timely adjustments to avoid risks when some market conditions change quickly.

Among them, the private equity fund of state-owned enterprises will be subject to greater restrictions by regulatory regulations, and in the operation of the private equity fund, because it involves more relevant subjects, the state-owned enterprises are overly cautious, which further leads to the lower management efficiency of the state-owned enterprises and lack of vitality, resulting in the insufficient marketization and professionalization of investment decisions, which is easy to be affected by the bureaucracy and performance appraisal, which affects the fund's investment effect and operation and management [15].

Stringent regulatory requirements typically result in private equity funds needing to invest more resources to ensure compliance, including hiring professionals, setting up compliance systems, and conducting reports and audits, thereby increasing the fund's operating costs. These additional compliance cost pressures may undermine the effectiveness of behavioral requirements for firms to manage algorithmic trading activities [16], thereby negatively impacting profitability and growth. Some regulatory requirements may cause investment firms to adopt more conservative management

experience strategies to reduce risk levels and minimize losses [14]. This may result in lower investment returns and negatively affect the profitability and growth of investment firms.

As the SEC has special arrangements for Venture Capital Funds, and in the future will also improve the Venture Capital Funds investment life and post-listing lock-up period of the reverse linkage mechanism, then how to shorten the time of reduction of PE funds relative to VC funds will be more difficult, the policy enactment of the PE funds is more unfavorable than the VC funds [17].

Regulation may impose restrictions on certain high-risk or emerging industries to protect investors and market stability. However, it may also limit the ability of investment firms to pursue growth opportunities in these promising areas. The profitability and stability of these projects are relatively low, and smaller funds may find it difficult to bear higher compliance costs and thus be at a disadvantage in competition and survive sharp market fluctuations, which may lead to debt defaults by private equity funds, thus triggering systemic risks and posing a certain threat to the stability of the entire financial system [18].

The risks posed to the financial system and customers by excessive risk-taking and inappropriate incentive schemes mean that regulators are finding it difficult to make concessions in this area, and there are continuing concerns about poor governance, particularly in relation to risk management and excessive executive remuneration [19]. Some private equity funds may choose to move to other markets or look for other opportunities to invest profitably, leading to capital outflows and affecting the health of the country's financial markets. It may even lead to some market participants attempting to circumvent regulation through workarounds, thus triggering regulatory arbitrage.

It should be noted that the effect of government regulation depends largely on the specific regulatory measures and market environment. As of now, the provisions of the Regulations are less than complete, the non-open nature of private equity funds raises the challenge of positioning self-regulation, and the duties of the custodian are more ambiguous, which may give rise to operational risks [20]. In formulating and implementing regulatory policies, it is often difficult for the government to thoroughly weigh the various factors of protecting investors, maintaining market order and promoting the development of the financial market, which may result in negative impacts due to over-regulation.

### **3. Data Analysis of Capital Market Entities**

#### **3.1. Sample Selection**

The sample was selected from 57 companies in the capital market within the financial category of the GuotaiAn database company research series (SEC 2012 edition), this type of sampling is similar to whole group sampling, after dividing the company into a number of categories, 57 companies were randomly selected from the financial category, and the study was carried out on these 57 companies. This method is effective in obtaining companies with a high degree of similarity to be analyzed, reducing the impact of endogenous differences on the study, and facilitating the comparison of the impact on the same type of companies before and after the enactment of the Regulation.

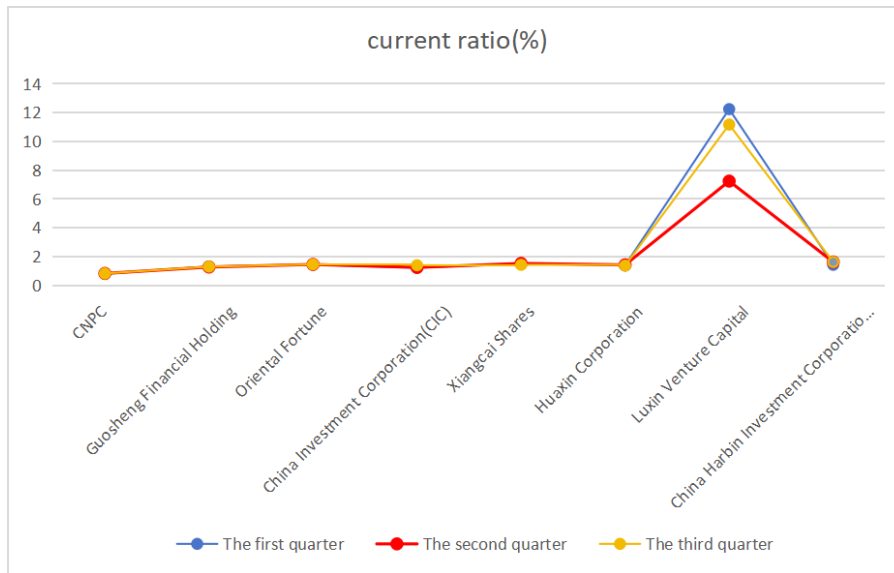
#### **3.2. Selection of Indicators**

The company's growth indicator is the year-on-year growth rate of operating income, we have selected the net profit margin on total assets (ROA), return on equity (ROE), return on investment, gearing ratio, current ratio, cash ratio, net cash flow from operating activities/current liabilities as the data indicators, of which ROA, ROE, return on investment have the comparison between the first three quarters of 2022 and the first three quarters of 2023. The data for the year 2022 was selected to avoid the influence of some endogenous factors, to highlight the change in the growth trend between the second and third quarters of 2023 and the change between the first and second quarters, and to compare the second and third quarters of 2022 at the same time, so as to compare the impact of the promulgation of the Regulations on the investment companies. The first quarter is also selected for

comparison with the second quarter to avoid some endogenous factors and also to highlight the impact of the Regulation on investment companies.

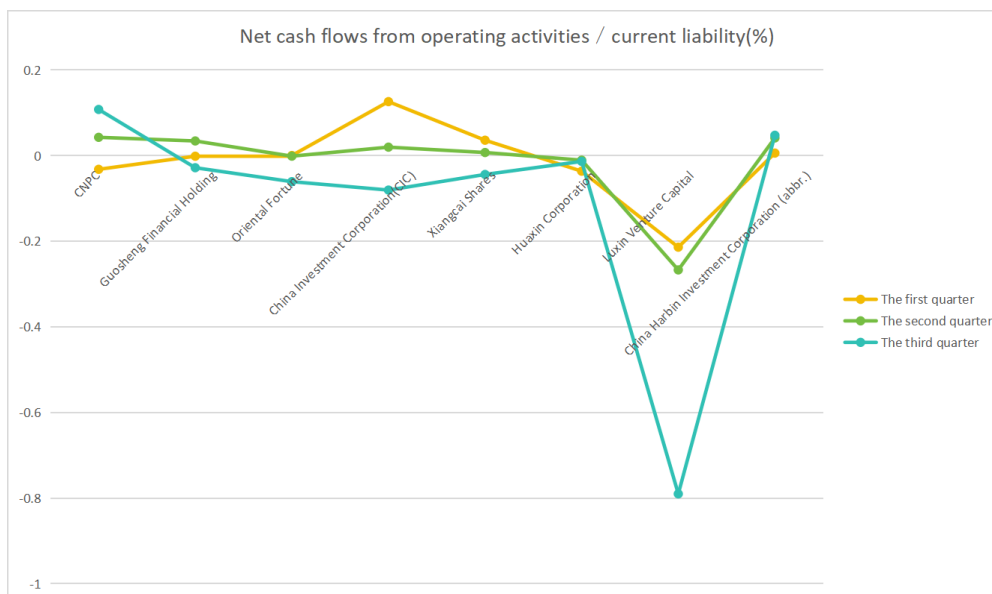
### 3.3. Comparative Analysis of Financial Indicators of Investment Companies Before and After the Promulgation of the Regulations

In this subsection, the cash flow indicators and net cash flow from operating activities/current liabilities of CNPC and CIC will be selected to analyze the growth trend between the first quarter, the second quarter and the third quarter, as shown in Figures 1 and 2.



**Fig 1.** Current ratios of selected companies in 2023

As can be seen from the current ratio for the three quarters of 2023 in Figure 1, most of the companies show stable fluctuations with no more significant ups and downs. Only LUXIN Ventures fluctuates more, which can be similar to data bias. Further, we continue to compare the net cash flow from operating activities/current liabilities for the three quarters of 2023, and the results are shown in Figure 2.

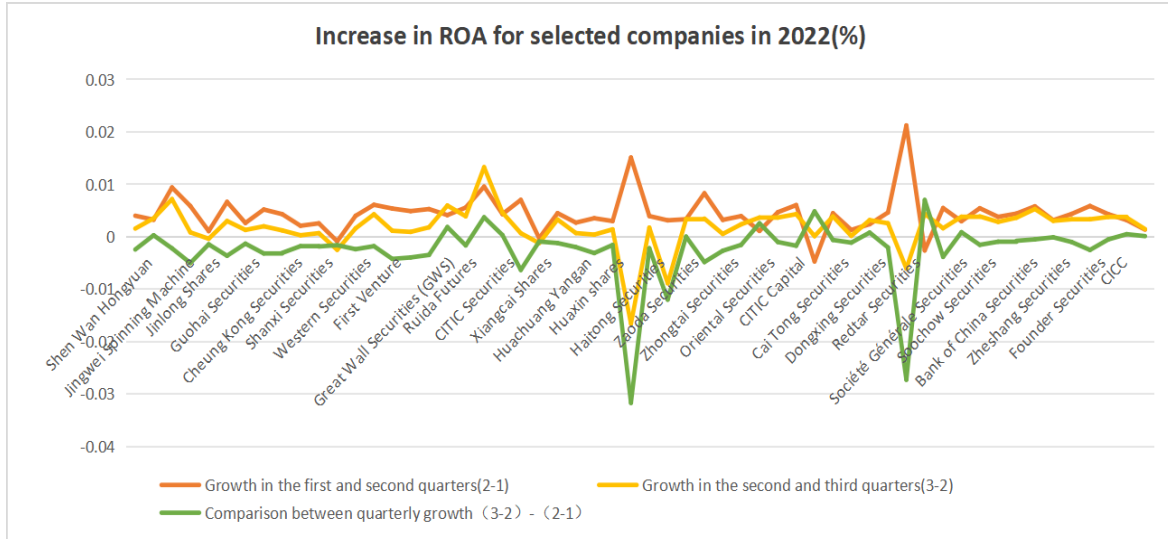


**Fig 2.** Net cash flow/current liabilities generated from operating activities of some companies in 2023

By Figure 2 can be found, five of the eight companies in the three quarters of the obvious current liabilities' ratio decreased, and the first quarter and the second quarter of the current liabilities more,

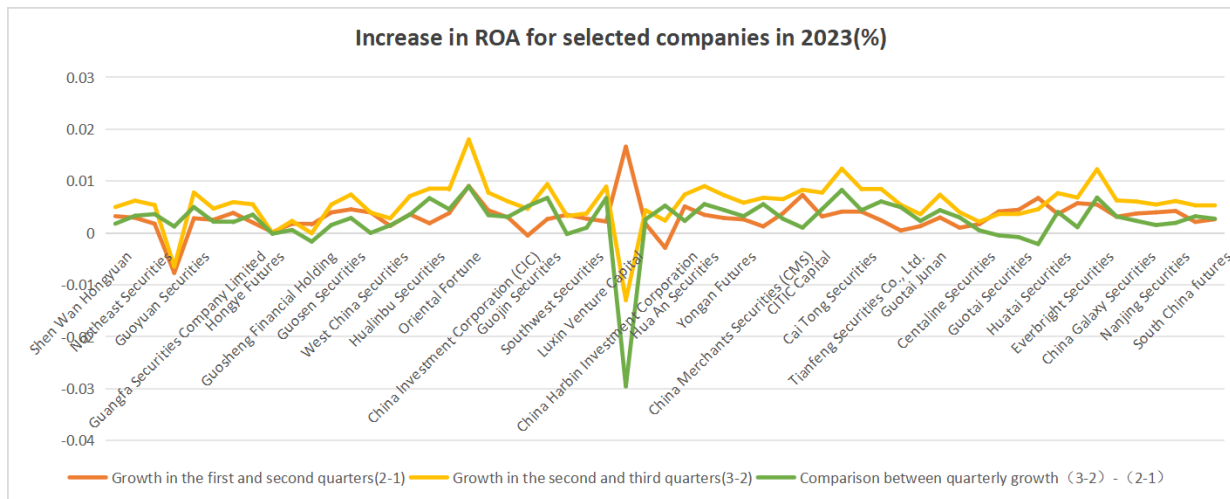
the first quarter of the second quarter of the third quarter of the largely gradual reduction. LUXIN Venture Capital fluctuation is the largest, LUXIN Venture Capital in the third quarter of the annual net profit decreased significantly, the reason for this is that the securities assets are subject to the fluctuations of the secondary market market conditions significantly.

In addition to the above indicators, we also selected to compare the ROA, ROE, ROI between the first, second and third quarters of some financial companies to further illustrate the impact of the Regulations on the growth of investment companies.



**Fig 3.** The increase in ROA for selected companies in 2022

As shown in Figure 3, ROA increases in 2022 are mostly higher in the first and second quarters than in the second and third quarters, and the gap in increases represented by the green color in Figure 3 is generally below zero.



**Fig 4.** The increase in ROA for selected companies in 2023

As shown in Figure 4, the growth of ROA in 2023 is mostly lower in the first and second quarters than in the second and third quarters, indicating that there is a tendency for corporate ROA to increase after the enactment of the Regulation under the same quarterly comparisons, which suggests that the Regulation has had a facilitating effect on the investment firms.

ROA Quarterly Growth Trend 2022

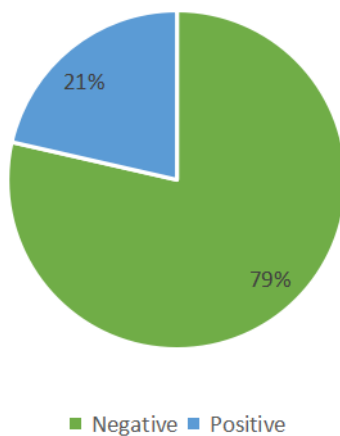


Fig 5. ROA quarterly growth trend 2022

ROA Quarterly Growth Trend 2023

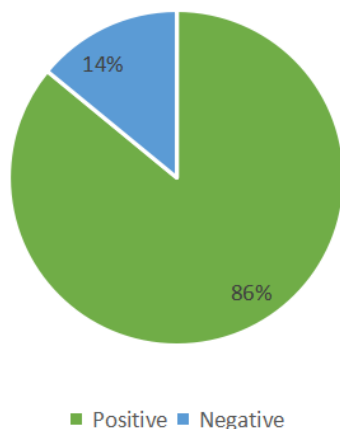
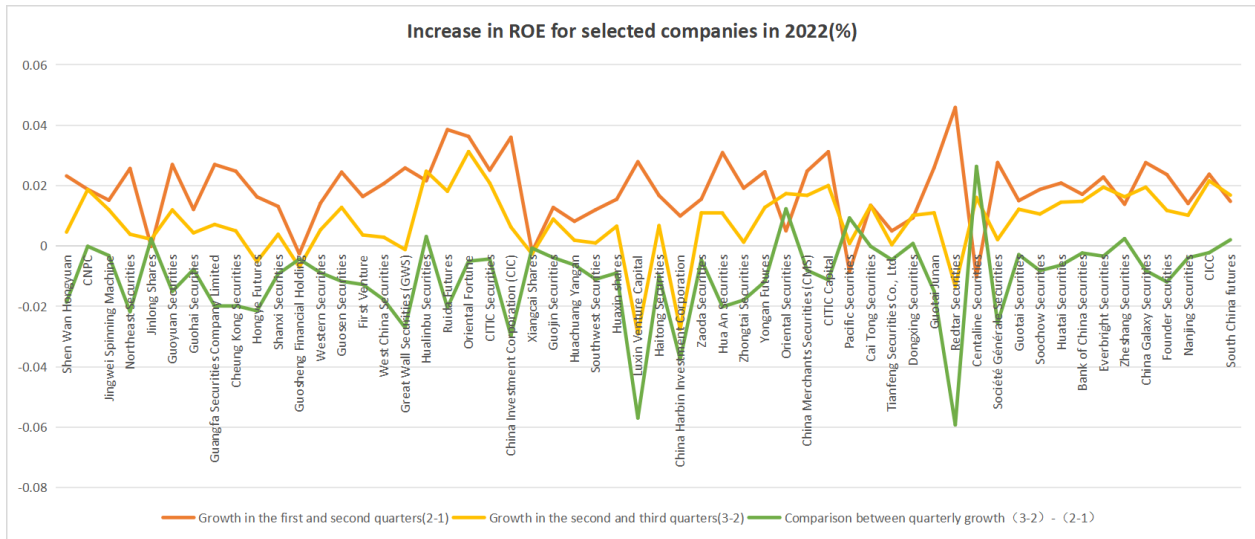


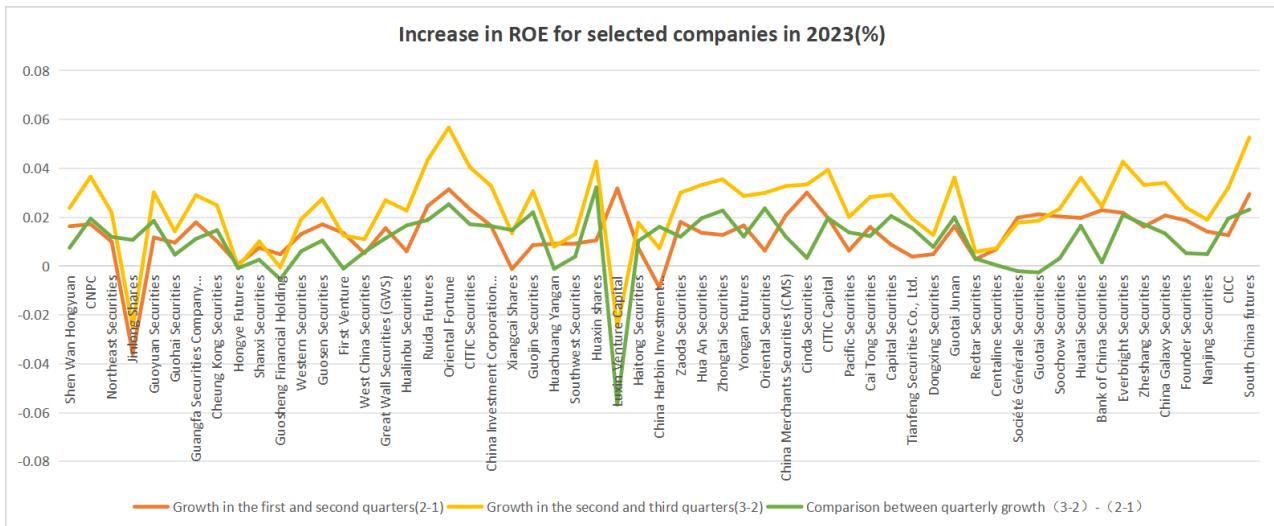
Fig 6. ROA quarterly growth trend 2023

Comparison of Figures 5 and 6 reveals that the increase in ROA in 2023 in the second and third quarters far exceeds the increase with the first and second quarters, growing from a predominantly downward trend to a predominantly upward trend. In order to compare whether the increase is related to the promulgation of the Ordinance and to circumvent some of the endogenous factors, we conducted a comparison of the three quarters of 2022 in the same period and found that the increase in 2023 is significant.



**Fig 7.** The increase in ROE selected companies in 2022

As shown in Figure 7, ROE increases in 2022 are mostly higher in the first and second quarters than in the second and third quarters, with the difference in increases represented by the green color in Figure 7 generally below zero.

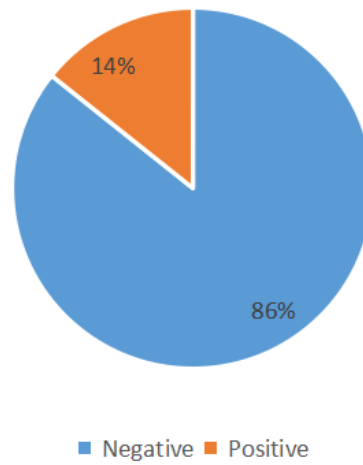


**Fig 8.** The increase in ROE for selected companies in 2023

As shown in Figure 8, the growth of ROE in 2023 is mostly lower in the first and second quarters than in the second and third quarters, indicating that there is a tendency for firms' ROE to increase after the enactment of the Regulation under the same quarterly comparisons, which suggests that the Regulation has a facilitating effect on investment firms.

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### ROE Quarterly Growth Trend 2022

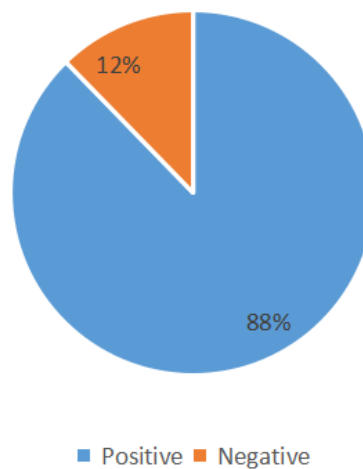


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**Fig 9.** ROE quarterly growth trend 2022

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### ROE Quarterly Growth Trend 2023



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**Fig 10.** ROE quarterly growth trend 2023

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Comparison of the data in Figures 9 and 10 reveals that the growth in the second and third quarters of 2023 is more pronounced than the first and second quarters, and the increase is greater than ROA. In order to clarify the positive impact of the Regulations on the growth of the company, a comparison is also made with the three quarters of the same period of 2022, and it is found that the increase in the second and third quarters of 2023 is significantly higher than that of 2022. This supports that the enactment of the Regulation has a positive impact on the growth of investment companies.

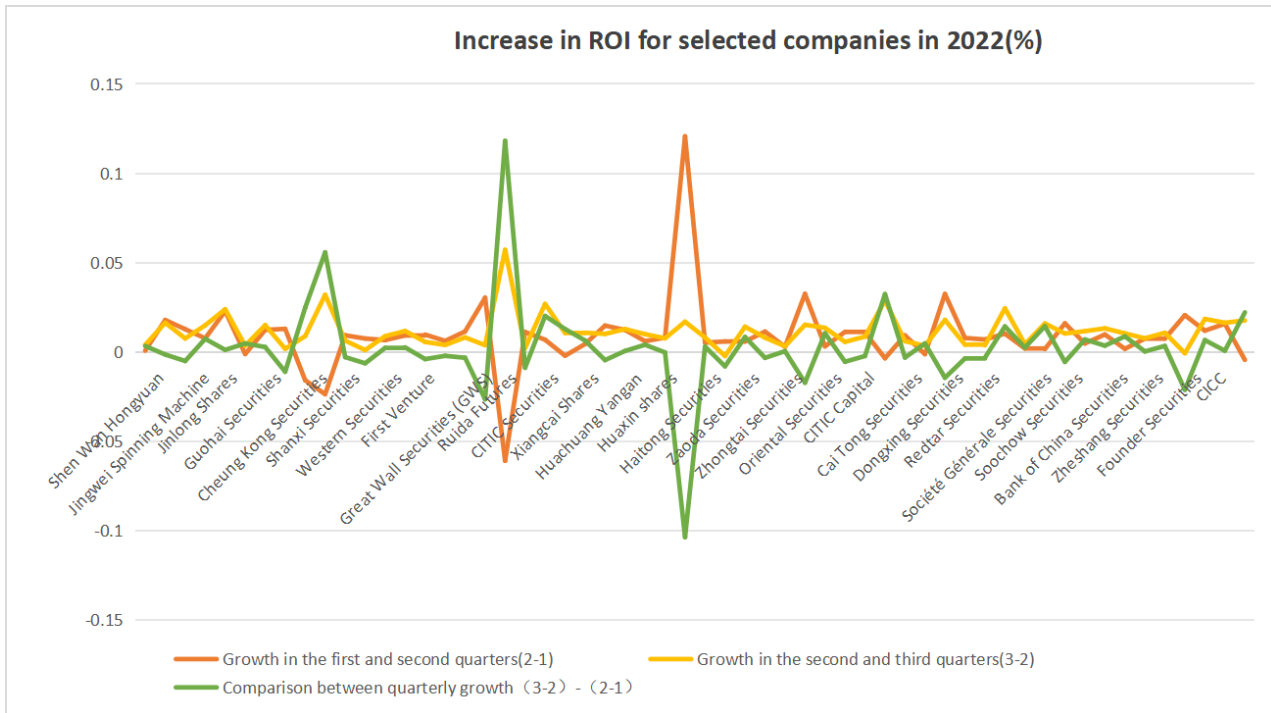


Fig 11. The increase in ROI for selected companies in 2022

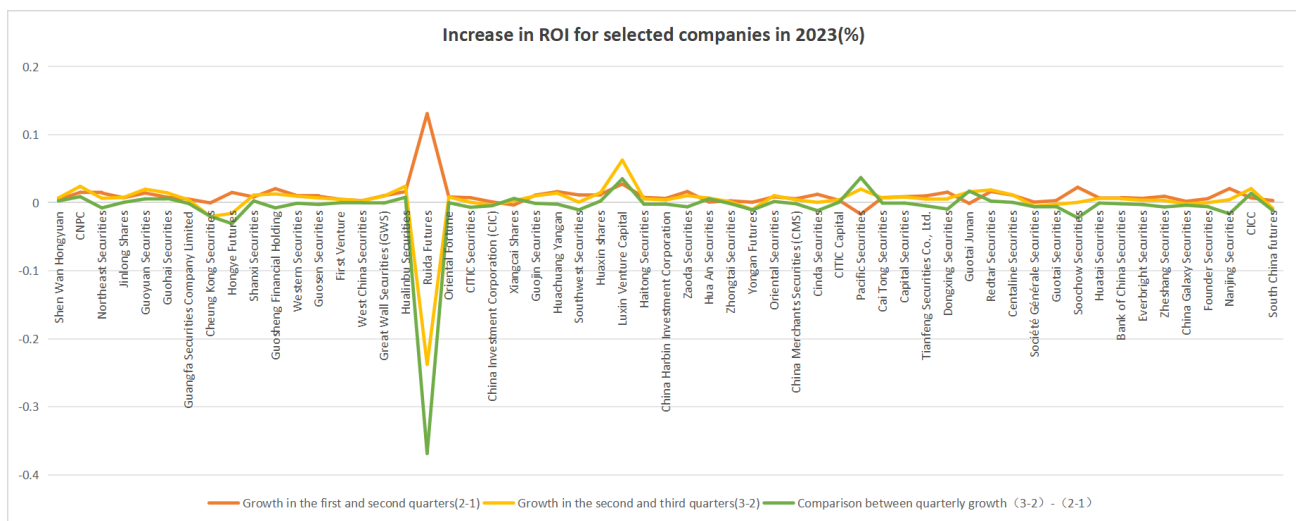
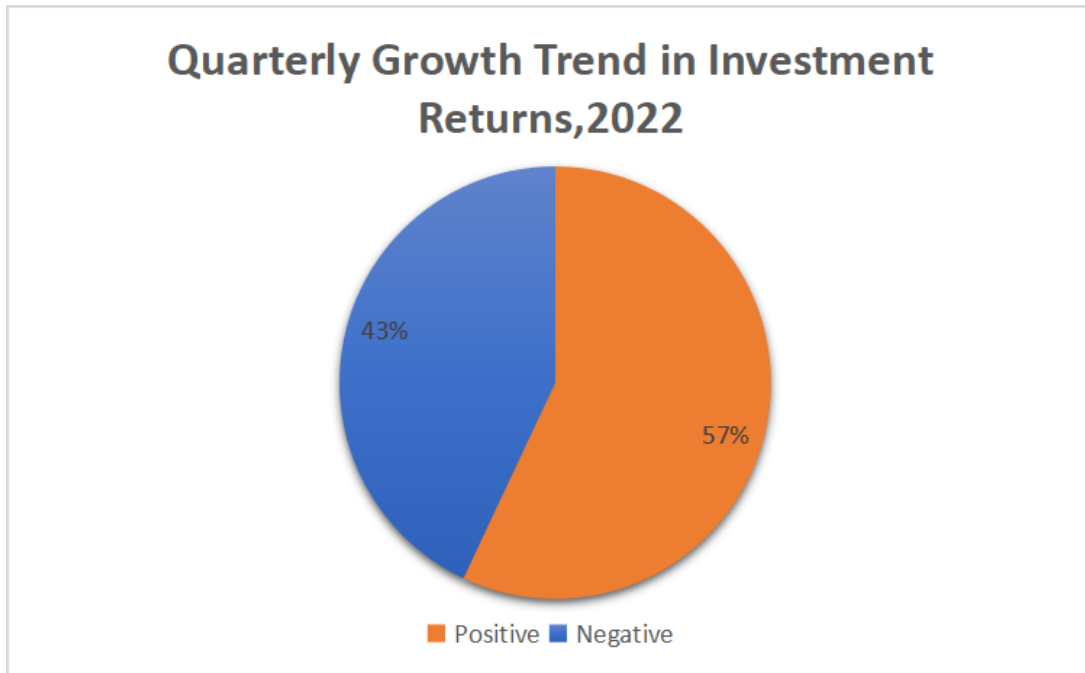


Fig 12. The increase in ROI for selected companies in 2023



**Fig 13.** The quarterly growth trend in investment returns 2022



**Fig 14.** The quarterly growth trend in investment returns 2023

A comparison of the data reveals that the investment yield in 2023 showed a downward trend in the second and third quarters compared to the first and second quarters, which we believe is due to the promulgation of the Regulations further standardizing the process of fund raising and investment actions and strengthening supervision and management, which has made the investment firms more prudent with respect to their private placement investment decisions. To confirm this conclusion, we also compared the second and third quarters of 2022 with the first and second quarters of 2022 and found that most of the second and third quarters of 2022 increased faster than the first and second quarters of 2022, which corroborated our analysis, while to a certain extent circumventing part of the impact of investing in public funds (see figures 11-14). In summary, the promulgation of the

Regulation will be more stringent on investment companies when they conduct investment activities, and investment companies will be more cautious.

#### 4. Conclusion

This paper selects the private equity investment industry representative company financial indicators for comparative analysis found that after the promulgation of the "Regulations", the investment return rate decreased significantly, ROE and ROA increased significantly, the company's overall earnings showed a trend of growth, the current ratio, cash ratio no more significant changes in the assets and liabilities increased. It shows that the Regulations regulating the development of private equity funds have a greater positive impact on the economic growth aspect of the company's growth, while still having a clear binding effect on investment behavior.

According to the research and analysis of this paper, the promulgation of the Regulations has to a certain extent made up for the lack of regulation and legal standardization of private equity funds in China, but it has also led to many problems and risks. The Regulation puts forward higher requirements for private equity fund investment and stricter supervision, which leads to the reduced willingness of some private equity fund companies to invest in order to avoid regulatory risks and the reduction of investment returns, indicating that it is difficult to thoroughly weigh the development of standardized private equity funds and the enhancement of the growth of investment companies. In order to improve this phenomenon, the relevant indexes should be further refined in policy formulation, for example, a unified standard can be formulated on how to measure the growth of the company, and the investment-related arrangements of the company should also have refined indexes, so as to improve the practical operability and effectiveness of the policy. Investment companies need to adapt to and comply with regulatory requirements, while at the same time seek growth opportunities within the compliance framework, and pay close attention to and respond flexibly to changes in the market environment.

The Regulation was promulgated in July 2023 and formally came into force in September 2023, the timeline is very new and the policy regulates the investment companies on private equity aspects of the study is less, the Regulation strengthens the standardization of fund-raising and investment operations as well as the market supervision and management of the investment companies, which has both positive and negative impacts on the investment companies, the purpose of this study is to explore the advantages and disadvantages of the policy regulation on the growth of the private fund investment companies through the market performance of the investment companies after the issuance of the Regulation.

However, there are some limitations to the research in this paper. Investment companies disclose too little about private equity funds including their investment decisions, valid data is harder to obtain, data may be biased, and there are more layers of influence factors. For example, inflation or deflation, epidemics and other impact on the number of investments or the proportion of investments, investment direction, etc., this paper only selects the quarter of 2022 and 2023, between the quarter, quarter to quarter comparison, and due to the availability of data resources, the fourth quarter of the data has not yet been obtained, and can not continue to compare the trend of growth from the third quarter to the fourth quarter. Although the authors of this paper tried their best to avoid the influence of endogenous factors on the research findings, the scope of the data is still a shortcoming of this paper, and in the future, this study can update the sample interval and the scope of the study, so as to conduct an in-depth discussion of the distribution of the Ordinance and the issue of the growth of investment companies.

#### Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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