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Research on the Construction of a Regulatory Framework for Financial Holding Companies from the Perspective of Accounting and Financial Management

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Abstract: With the continuous development of financial markets, financial holding companies (FHCs), as a crucial organizational form integrating cross-industry and multi-sector operations, have increasingly become a central force in the financial system. However, their complex business structures and fund operation models have also introduced regulatory challenges such as risk concealment, governance imbalances, and opaque capital flows. Traditional regulatory systems have struggled to effectively address the multidimensional risks posed by this new form of financial institution. From the perspective of accounting and financial management, this paper conducts an in-depth analysis of the main issues faced by FHCs in capital allocation, risk control, internal governance, and financial information disclosure. Drawing on international regulatory experience, we propose the construction of a scientific and efficient multi-tiered regulatory framework. The study argues for promoting the standardization and transparency of financial information disclosure, establishing a flexible countercyclical adjustment mechanism, improving the consolidated financial statement supervision system, and strengthening dynamic monitoring of fund operations and capital structures. Particular emphasis is placed on the coordination mechanism between regulatory authorities and internal corporate governance, forming a hybrid regulatory system that combines external constraints with internal self-discipline. This approach aims to enhance risk early warning and prevention capabilities, thereby supporting the compliant and stable development of financial holding companies. Furthermore, this framework demonstrates significant cross-border applicability. By integrating blockchain-enhanced disclosure with countercyclical capital buffers, it offers actionable solutions for U.S. regulators to oversee foreign-based FHCs, addressing systemic risks highlighted by the 2008 financial crisis.

The study provides a template for global regulatory coordination through institutions like the Financial Stability Board (FSB).

1. Introduction

In the global financial system, the role of financial holding companies has become increasingly important. Their integrated business model enhances the efficiency of financial resource allocation and promotes the deep integration of financial markets. However, due to their involvement in multiple financial sub-sectors, their business models are often accompanied by high leverage levels, complex risk transmission mechanisms, and cross-industry regulatory coordination challenges. In recent years, the turbulence of the international financial market and the risk events of some large financial institutions have exposed the potential hidden dangers of financial holding companies in capital management, liquidity control, information disclosure and internal governance, making their supervision become the focus of attention of financial regulators.

In China, under the background of the deepening reform of the financial market and the strengthening of the trend of financial mixed operation, financial holding companies have developed rapidly, their scale has continued to expand, and their business boundaries have become increasingly blurred.For instance, the U.S. Dodd-Frank Act strengthens the supervision of systemically important financial institutions, the Basel Accord system sets strict requirements for capital adequacy, and the EU financial regulatory framework emphasizes cross-industry regulatory coordination and risk isolation. These experiences provide valuable references for China in building a regulatory framework suited to its national conditions.

Based on this, this paper adopts the perspective of accounting and financial management to analyze the main issues of financial holding companies in capital management, leverage control, liquidity risk, information disclosure, and internal governance, and to explore the path for constructing a regulatory framework for financial holding companies in China. The aim of this research is to improve the effectiveness of the regulation of financial holding companies in China and to provide theoretical support and policy recommendations for improving the regulatory system and maintaining financial market stability.

2. Related Work

The construction of a regulatory framework for financial holding companies is a key issue in current financial research, with domestic and international scholars exploring it from multiple perspectives of accounting and financial management. Si-Yuan D focuses on financial risks in the context of incomplete legal and policy frameworks, proposing diversified risk management strategies through optimizing financing structures, solvency, and the relationships between capital and business. Liu K, based on the People's Bank of China's "Interim Measures for the Supervision and Management of Financial Holding Companies," fills the research gap in the regulation of financial holding companies in China from both macro policy and academic perspectives. Yihua X systematically analyzes the risk characteristics of financial holding companies and emphasizes the need to achieve standardized development through regulatory framework design. Zhang J[4] points out that although the subsidiary risks of Chinese financial holding companies are low, the scale effect has not been fully realized, and competitiveness needs to be enhanced through mixed-activity regulation and internal governance optimization. Bin D, based on the principal-agent model, proposes that the control of risks should be dynamically allocated—external risks are more efficiently controlled centrally by the parent company, while internal risks should be handled autonomously by subsidiaries. Xia Z X, starting from the challenges of segmented regulation,

suggests a systematic solution to strengthen information disclosure, risk isolation, and a unified regulatory framework.

Regarding the innovation of regulatory tools, Duan N explores the integration path of management accounting and financial accounting, advocating for improving fund supervision efficiency through information technology integration. Cheng-Hui Z proposes a step-by-step approach to regulatory reform, prioritizing the removal of information barriers and regulatory vacuums, ultimately constructing a comprehensive modern system. Sheng L reveals the flaws in international regulatory frameworks, such as the conflict between globalization and nationalization, and calls for coordinated international regulatory cooperation. Wenting C, in the context of China's economic transformation, emphasizes that systemic risk prevention should focus on deleveraging, the construction of multi-tiered capital markets, and international cooperation. Existing research provides theoretical support for the construction of a regulatory framework for financial holding companies, but in light of China's practical situation, further refinement is needed in areas such as consolidated supervision, countercyclical adjustment, and information disclosure, as well as integrating financial technology to enhance regulatory effectiveness. This paper systematically integrates international experience and local practices from the perspective of accounting and financial management and proposes more targeted optimization paths for the regulatory framework.

3. Definition and Measurement Methods of Accounting Supervision Models

The accounting regulatory model is an important tool for measuring and supervising the financial health, compliance, and risk management capabilities of financial holding companies. Its goal is to ensure the transparency of corporate finances, capital adequacy, and operational soundness, in order to reduce systemic financial risks and enhance the sustainable development capacity of the industry. Financial holding companies usually have characteristics such as complex business models, strong capital liquidity, and cross-industry operations. These characteristics make them prone to issues such as opaque financial information and excessive leverage. Therefore, it is necessary to establish a scientific accounting supervision model that can comprehensively evaluate their financial conditions, operational compliance, and potential risks, and provide an effective basis for supervision. This model is mainly designed from the aspects of financial information disclosure, risk management, and compliance supervision, and meets the financial management requirements of industry supervision for financial holding companies through multi-dimensional measurement methods.

The quantitative measurement method of the accounting supervision model mainly analyzes financial data and assesses risks, and uses a variety of indicators to evaluate the financial situation of enterprises. The capital adequacy ratio is an important indicator for measuring whether the capital of a financial holding company is sufficient, and its level determines the company's ability to cope with market fluctuations and credit risks. Sufficient capital reserves can enhance an enterprise's risk resistance ability and also meet the minimum capital requirements of regulatory authorities.The leverage ratio can be used to evaluate the capital structure of a financial holding company and the level of its financial leverage. If the leverage level is reasonable, it can improve the efficiency of capital use while ensuring the stable operation of the company. However, if the leverage is too high, the company may face greater financial risks.The liquidity coverage ratio and the net stable funding ratio are used to evaluate the short-term and long-term capital liquidity management capabilities of financial holding companies respectively. These indicators directly affect their capital turnover and solvency during market fluctuations. The non-performing asset ratio and the provision coverage ratio are key indicators for measuring asset quality.

A higher non-performing asset ratio indicates greater credit risk for the company. The level of

provision coverage shows whether the company has the ability to cope with potential future losses. Return on equity (ROE) and return on assets (ROA) reflect the company's profitability, analyzing its ability to generate profits. Credit default rate (CDR) analysis, along with other methods, can estimate the potential risks brought by the external financial environment, providing a scientific basis for developing risk response strategies.

In addition to quantitative measurement methods, qualitative measurement methods in the accounting regulatory model are also critical, mainly assessing the corporate governance structure, internal control system, and compliance management capabilities of financial holding companies. For investors, regulators, and other market participants, the level of financial transparency and the quality of information disclosure influence their understanding of the company's true financial condition. When a company's information disclosure is incomplete or manipulated, regulation becomes ineffective. Therefore, establishing a comprehensive information disclosure mechanism and enhancing market trust in the company is crucial. The quality of the internal control and risk management system directly affects the effectiveness of the company's financial management. A scientific and sound internal financial control mechanism can reduce irregularities, improve the efficiency of the use of funds and enhance financial transparency. Corporate governance structure is also a key component of the regulatory model. Reasonable corporate governance mechanism includes sound board structure, effective shareholder protection measures, scientific financial decision-making mechanism and perfect supervision system. With these elements in place, the company's operations will be more stable and compliant, thereby reducing the financial risks caused by poor governance. In practical supervision, the accounting supervision model establishes a comprehensive scoring system, which combines quantitative and qualitative indicators to form a more scientific and systematic evaluation framework. Regulators can use technologies such as big data analytics to delve into historical corporate financial data, build risk warning models, and detect potential financial irregularities in advance. In the future, blockchain technology could be used to securely store corporate financial information, ensuring that data cannot be tampered with and increasing authenticity. Smart contracts can also be used to automate financial management and reduce the risk of human error.

For the development of financial holding companies, optimizing the accounting supervision mode can not only meet the regulatory requirements, but also improve the level of corporate governance. A scientific accounting supervision system can help enterprises build a more robust financial management structure, realize the reasonable allocation of capital, optimize the structure of assets and liabilities, and improve the scientific and enforceable financial decisions. At the same time, an effective regulatory system can also enhance the market competitiveness of enterprises, boost investor confidence, and promote the benign development of enterprises in the capital market. Under the background of increasingly strict international financial supervision, financial holding companies need to continuously improve the accounting supervision system to adapt to the increasingly complex market environment and regulatory requirements, and promote the development of financial management in the direction of digitalization and intelligence. In general, building a scientific accounting supervision model can effectively improve the transparency of financial management of financial holding companies, strengthen the ability to prevent risks, and provide guarantee for the stable operation of financial markets.

4. Analysis of Accounting Supervision Models

4.1 Data Preprocessing and Problem Identification

In recent years, China's financial holding companies (FHCs), characterized by their cross-sector

operations and complex business models, have posed significant challenges to the effectiveness and precision of the existing regulatory system. From an accounting and financial management perspective, current FHCs face multiple issues in capital structure management, risk isolation, and information transparency.Some enterprises take advantage of complex equity structures, related-party transactions, and loopholes among different regulatory standards to carry out regulatory arbitrage, so as to avoid capital adequacy ratio requirements or increase the leverage ratio. Moreover, the information disclosure of some financial holding companies is not transparent enough, and the compliance of their financial statements is relatively low, making it difficult for the external market to assess their true financial situation. When constructing an accounting supervision model, systematic data preprocessing and problem identification should be carried out, so that regulatory measures can be more effective.

In the data collation stage, financial holding companies are involved in multiple financial fields, and the inconsistent standards of financial data lead to data deviations easily occurring when consolidating financial statements. It is of great importance to establish unified financial data standards and accounting specifications, which can ensure the consistency of financial information in different financial sub-sectors. By leveraging big data analysis and artificial intelligence technologies, the historical financial data of financial holding companies can be automatically cleaned, integrated, and standardized, thus improving the reliability of the data.During the data collation process, abnormal data detection is an important method. It can help us identify abnormal situations in the financial statements of enterprises and detect as early as possible whether there are financial frauds or illegal operations in the enterprises. For example, there are sudden significant fluctuations in the balance sheet, income statement, or cash flow statement, such as a sudden surge in assets within a short period, or an unreasonable adjustment of the liability structure, and so on.

In terms of issue identification, the main regulatory risks for financial holding companies focus on related-party transactions and regulatory arbitrage.Particularly for related-party transactions, lack of standardized management can easily lead to financial violations and market unfairness issues. Some financial holding companies use inter-subsidiary fund flows, asset transfers, and equity transactions to circumvent regulatory requirements. For example, parent companies may overvalue subsidiary assets or acquire related-party assets at below-market prices to manipulate profits, distorting the company's true profitability and capital position.Additionally, transactions such as loans, guarantees, and cross-shareholdings between related parties may lead to circular use of capital, artificially inflating capital adequacy ratios and thereby increasing market risks. Therefore, it is necessary to establish stricter review mechanisms for related-party transactions, enhance disclosure requirements, and introduce big data-based risk monitoring systems to improve regulatory precision over such transactions.Regulatory arbitrage refers to financial holding companies exploiting differences in regulatory standards across financial sectors to avoid capital supervision through leverage operations, asset restructuring, etc. For instance, some companies may bypass capital adequacy requirements by setting up shadow banking or off-balance-sheet financing vehicles, or use complex securitization transactions to reduce on-balance-sheet asset-liability ratios and increase leverage. Some financial holding companies may also take advantage of regulatory differences across jurisdictions to conduct cross-border transfers of assets and capital, evading stricter local regulations. These practices not only weaken regulatory effectiveness but may also increase overall financial system fragility. Hence, a more rigorous cross-sector, cross-market, and cross-region coordinated regulatory mechanism is needed to ensure effective supervision of financial holding companies' global capital operations.

When constructing the accounting regulatory model for financial holding companies, in addition to data preprocessing and issue identification, analyzing regulatory challenges is also crucial, as

financial holding companies face a series of issues in capital management, information disclosure, and liquidity risk. To address these challenges, this paper proposes corresponding regulatory countermeasures, and Table 1 summarizes the main regulatory challenges faced by financial holding companies and their corresponding countermeasures.

Table 1 Regulatory Challenges and Countermeasures for Financial Holding Companies

Regulatory Challenge	Main Issues	Regulatory Measures	Expected
Capital Adequacy Supervision	High leverage risk, insufficient capital buffer	Strengthen capital adequacy requirements, introduce countercyclical adjustment mechanisms	Enhance financial holding companies' ability to cope with market fluctuations
Insufficient Information Disclosure	Low financial transparency, incomplete information disclosure	Strengthen information disclosure standards, use blockchain technology to enhance transparency	Increase market trust and transparency
Related Party Transaction Risk	Lack of transparency in related party transactions, potential for regulatory evasion	Strictly regulate related party transactions, enhance penetrative supervision	Reduce capital circulation and prevent risk transmission
Liquidity Risk	Inadequate liquidity management, inability to cope with market fluctuations	Increase liquidity coverage ratio, conduct regular stress tests	Ensure the company's short-term debt repayment capability
Financial Information Asymmetry	Distorted data, inconsistent financial statements	Standardize accounting principles, establish a standardized financial reporting framework	Improve the accuracy of financial data

4.2 Detailed Analysis of the Accounting Supervision Module and Framework Construction

(1) Implementation Path Analysis of Consolidated Supervision

Consolidated supervision plays a crucial role in enhancing the financial transparency of financial holding companies and preventing systemic risks. Given that financial holding companies generally

control enterprises in multiple financial sub - industries, the compilation requirements of their consolidated financial statements must cover all important business segments, so as to reflect the overall financial situation and risk level of the enterprises. However, some financial holding companies have problems such as selective disclosure, data concealment, and asset mismatch during the process of compiling consolidated statements, making it difficult for regulatory authorities to obtain true financial information.Therefore, the implementation path of consolidated supervision should include unifying accounting standards and accounting criteria, and establishing a unified financial reporting framework across financial sub - industries. This ensures the consistency and comparability of financial data of different business segments during consolidation, and prevents enterprises from using accounting policy adjustments to affect the calculation of capital adequacy ratios and risk weights. At the same time, it is necessary to construct a comprehensive measurement mechanism for the group's consolidated capital adequacy ratio based on Basel III, as shown in formula 1. Its core is to calculate the true capital levels of the parent company and all subsidiaries through penetrative supervision. Through this formula, it is possible to identify whether an enterprise is hiding its true leverage through SPVs , and prevent enterprises from hiding their true leverage levels through capital nesting and equity penetration.

$$CAR_{Group} = \frac{\sum_{i=1}^{n}(Tier\ 1\ Capital_i + Tier\ 2\ Capital_i)}{\sum_{i=1}^{n} RWA_i} \times 100\% \geq 10.5\% \qquad \text{formula 1}$$

In addition, some financial holding companies use special purpose vehicles (SPVs) or trust plans and other means to transfer some high-risk assets off the balance sheet, so as to reduce the capital occupation in the financial statements. Therefore, it is necessary to strengthen the supervision of off-balance-sheet businesses and include off-balance-sheet assets in the consolidated calculation to improve the effectiveness of the financial supervision of financial holding companies.

When facing complex cross-industry operations, the supervision of financial holding companies needs to be comprehensively controlled from multiple dimensions. The following table summarizes the main regulatory dimensions and their objectives in the regulatory framework of financial holding companies, covering core contents such as consolidated supervision, counter-cyclical management, and information disclosure. Table 2 helps to clearly present the specific implementation paths of regulatory measures and further reinforce the discussions in this article.

Table 2: Regulatory Dimensions and Core Objectives of Financial Holding Companies

Regulatory Dimension	Core Content	Main Regulatory Measures/Goals	Management Approach
Regulatory Entities and Coordination	People's Bank of China, China Banking and Insurance Regulatory Commission, and other regulatory bodies	Coordinate and develop adaptive regulatory measures	Coordinate regulatory measures to ensure stability

Regulatory Dimension	Core Content	Main Regulatory Measures/Goals	Management Approach
Consolidated Supervision	Accounting consolidation, asset consolidation, risk consolidation	Ensure financial transparency and meet regulatory requirements	Standardize accounting principles, consolidate financial statements
Countercyclical Management	Capital adequacy, asset replenishment policies	Enhance capital buffers, reduce leverage risks	Regularly adjust capital adequacy, Management of Countercyclical Capital Buffer (CCyB)
Information Disclosure Supervision	Balance sheet information, financial income and expenditure information	Complete information disclosure and transparency	Introduce blockchain technology, auditing mechanisms
Financial Information Auditing	Accounting information, financial data supervision	Strengthen financial audits and compliance checks	Establish strict auditing mechanisms and reporting processes
Industry Dimension	Regulatory requirements for different industries	Enhance industry-specific supervision	Specialized management for different financial businesses
Time Dimension	Regular reviews and adjustments	Increase time sensitivity, timely evaluation	Conduct regulatory reviews and evaluations on a periodic basis
Expansion of Regulatory Scope	Comprehensive supervision of financial holding companies	Improve accounting subject system and information reporting mechanism	Enhance cross-industry, cross-department coordination and information flow

(2) Analysis of Countercyclical Adjustment Mechanism Design

The financial market has obvious cyclical characteristics. Therefore, financial holding companies need to establish a counter-cyclical adjustment mechanism to reduce the impact of market fluctuations on the financial stability of enterprises. The main objective of the counter-cyclical adjustment mechanism is to require financial holding companies to increase the capital buffer and the ratio of risk provisions during periods of economic prosperity, and to appropriately relax capital restrictions during periods of economic downturn, so as to ensure the stability of the financial system. In order to achieve this goal, we use the calculation formula of the Countercyclical Capital Buffer (CCyB) to assess the capital adequacy and risk management capabilities of financial holding companies, as shown in formula 2.

$$CCyB = \frac{\sum_{i=1}^{n}(Tier\ 1\ Capital_i + Tier\ 2\ Capital_i)}{\sum_{i=1}^{n} RWA_i} \times 100\% \quad \text{formula 2}$$

At the same time, a stress testing mechanism with the Liquidity Coverage Ratio (LCR) as the core should be established, as shown in formula 3. Financial holding companies are required to maintain an adequate amount of highly liquid assets in a 30-day crisis scenario. This enables the early detection of potential capital turnover problems and the preparation of corresponding solutions.

$$LCR_{stress} = \frac{HQLA_{Available}}{Net\ Cash\ Outflows_{Stress\ Scenario}} \times 100\% \geq 120\% \quad \text{formula 3}$$

(3) Analysis of Information Disclosure Mechanism Optimization

Currently, there are problems such as incomplete, lagging, and inaccurate information disclosure in financial holding companies, which seriously affect market transparency and the effectiveness of supervision. Therefore, it is necessary to establish a sound information disclosure mechanism. By formulating mandatory disclosure standards, enterprises are required to comprehensively disclose key indicators such as capital adequacy ratios and liquidity management.blockchain technology should be utilized while strengthening regulatory review and introducing independent audits, thereby optimizing the information disclosure mechanism and enhancing standardization. Establishing an accounting regulatory system for financial holding companies will improve their financial transparency, boost market confidence, and ensure the stable operation of the financial system. This requires optimization across multiple aspects, including data preprocessing, risk identification, consolidated supervision, countercyclical adjustments, and information disclosure.

5. Regulatory Framework Maturity Assessment and Model Improvement

5.1 Empirical-Based Regulatory Framework Maturity Assessment

To effectively assess the maturity of financial holding companies' regulatory framework, we need to combine international financial regulatory standards with China's regulatory practices to establish a comprehensive, quantifiable, comparable and dynamically adjustable evaluation system. This system should cover multiple dimensions including capital adequacy ratios, risk management capabilities and information disclosure transparency. The principle of comprehensiveness requires the evaluation indicators to cover all aspects of financial holding companies' business activities, such as financial conditions, market risks, credit risks and liquidity management. Quantifiability enables objective analysis through specific data to avoid subjective errors. Comparability makes the evaluation results of different financial holding companies comparable, thereby promoting competition and optimization within the industry. And the dynamic nature ensures that with the changes in the financial market environment, the evaluation system can be adjusted in a timely

manner, maintaining the predictability of regulatory tools.

In terms of validating the maturity evaluation model, the Analytic Hierarchy Process (AHP) can be used to determine the weights of each indicator, and the Fuzzy Comprehensive Evaluation Method can be used to conduct a comprehensive analysis of different regulatory dimensions to improve the objectivity and accuracy of the evaluation. In addition, machine learning methods such as Random Forest or Support Vector Machine can be introduced to mine the relationship between the regulatory framework and financial stability through big data analysis, and optimize the evaluation model so that it can dynamically adapt to the changes in the financial market.The validation of the effectiveness of the model needs to be backtested in combination with historical data, and different market scenarios should be simulated through stress tests to evaluate the adaptability and stability of the regulatory framework in a complex financial environment. The key to stress tests lies in selecting reasonable scenario variables, including factors such as financial market fluctuations, credit risk shocks, and changes in the economic cycle. Combined with data such as the balance sheets, capital structures, and liquidity status of financial holding companies, the performance under different economic environments can be simulated, enabling the regulatory framework to effectively respond to possible systemic risks.It is also possible to incorporate international mature regulatory experience, such as the capital adequacy ratio evaluation system under the Basel Accord framework, to make China's regulatory framework for financial holding companies internationally competitive.

5.2 Optimization and Verification of Accounting Supervision Model

In terms of the accounting regulatory model, first of all, it is necessary to optimize the financial consolidation mechanism of financial holding companies, so that different subsidiaries use unified accounting standards when compiling consolidated financial statements, avoiding the risks of information asymmetry and accounting arbitrage. Through the unification of accounting policies, the financial data of different financial sub-industries have consistency and comparability during the process of compiling consolidated statements.It is also necessary to further optimize the calculation method of risk-weighted assets (RWA), taking more into account the different business risks of subsidiaries, so as to improve the accuracy of calculating the capital adequacy ratio. The core of consolidated supervision lies in penetrative supervision to determine whether an enterprise uses SPVs to hide its leverage level. The regulatory framework should strengthen the identification of these potential risks to prevent financial holding companies from evading supervision through off-balance-sheet assets or complex capital structures.

In terms of the counter-cyclical adjustment mechanism, financial holding companies should flexibly adjust capital requirements according to the fluctuations of the economic cycle. During periods of economic prosperity, capital buffers should be strengthened to prevent excessive expansion; during economic downturns, capital requirements should be appropriately reduced to help companies get through difficult times. To this end, it is particularly crucial to establish a management mechanism for the Countercyclical Capital Buffer (CCyB). The regulatory framework should require financial holding companies to increase reserve provisions when the economy is doing well and appropriately release the pressure of reserve provisions during recessions.In the design of the stress testing mechanism, it should be centered around the Liquidity Coverage Ratio (LCR) to simulate different market shock scenarios, so as to identify potential capital turnover problems in advance and formulate emergency measures accordingly, enabling financial holding companies to have sufficient response capabilities in times of crisis.

5.3 Optimization and Supervision of Information Disclosure Standards

At present, financial holding companies are faced with some problems in information disclosure, such as incomplete, lag and misrepresentation, which seriously affects the transparency of the market and the effectiveness of supervision. It is necessary to build a sound information disclosure mechanism and require financial holding companies to regularly disclose core financial data such as capital adequacy ratio and liquidity risk. Develop mandatory disclosure standards, combine blockchain technology to ensure the authenticity of data, and strengthen regulatory reviews and independent audits to enhance the transparency and credibility of information disclosure.When optimizing information disclosure standards, the regulatory framework should clarify the requirements for financial holding companies in areas such as related-party transactions and capital operations to prevent firms from exploiting information asymmetry for regulatory arbitrage. Furthermore, financial technology should be leveraged to enhance the verifiability of disclosures, reduce the possibility of human manipulation, and improve supervisory precision. Additionally, the regulatory framework should encourage financial holding companies to establish a comprehensive information disclosure management system, ensuring data completeness and improving the readability of disclosures. Excessive use of technical jargon or complex financial structures should be avoided to enable regulators and investors to better understand a company's financial condition and potential risks.

6. Implications for U.S. Financial Regulation

The regulatory framework proposed in this study has significant implications for U.S. financial regulators, particularly for the oversight of foreign financial holding companies (FHCs) operating in the United States. Such a framework would strengthen the ability of the United States to regulate foreign FHCs in compliance with regulatory requirements such as the Dodd-Frank Act, and would substantially reduce the scope for arbitrage between Basel III and domestic regulations. By implementing measures such as penetrating regulation and countercyclical capital buffers, U.S. regulators are able to more effectively monitor and manage capital flows, risk management, and disclosure of foreign FHCs, which can reduce systemic risk. A blockchain-based disclosure system aligns with the U.S. Treasury's goal of real-time transaction transparency and reduces the delay in information dissemination that exacerbated the spread of risk during the 2008 financial crisis. The application of blockchain technology can enhance the trust of market participants in transactions and improve the stability of the entire financial system.

The stress testing mechanism in the framework developed in this paper, which takes into account cross-jurisdictional liquidity risks, can reinforce the Federal Reserve's Comprehensive Capital Analysis and Review (CCAR) program. Looking back at the collapse of AIG, it has exposed gaps in the regulatory framework for assessing cross-border liquidity risk, highlighting the importance of incorporating this assessment into the regulatory framework. From a global perspective, coordinating these regulatory tools through bodies such as the Financial Stability Board (FSB) can facilitate a coordinated response to systemic threats. This will help avert future crises caused by regulatory fragmentation and allow the global financial system to function stably.

In particular, the work of this study highlights the importance of cross-border regulatory coordination, which is essential to regulate across borders and help avoid systemic breakdown. A transnational regulatory coordination mechanism can be established to monitor and manage the cross-border business activities of foreign FHCs and reduce systemic risks. This cross-border regulatory coordination mechanism will not only help US regulators better protect domestic financial markets from the risks that foreign financial entities may pose, but also serve as an

important model for global financial regulatory cooperation. In this way, we can better prevent and deal with systemic risks that may affect the stability of the global financial market and avoid the recurrence of a financial crisis like that in 2008.

7. Conclusion and Outlook

This paper proposes strategies to optimize the regulatory framework from the perspective of accounting and financial management, and systematically analyzes the regulatory issues of financial holding companies in the aspects of capital adequacy, risk management and information disclosure. Through the countercyclical regulation mechanism and the standardization of information disclosure, financial holding companies can effectively deal with market fluctuations. Research indicates that promoting unified accounting standards, strengthening penetrative supervision (a thorough, in-depth form of regulatory oversight), and introducing new technologies such as blockchain can help improve regulatory efficiency and risk prevention and control capabilities. Meanwhile, establishing stress-testing mechanisms centered around capital buffers and liquidity coverage can strengthen the ability of financial holding companies to cope with economic cycle fluctuations. The proposed regulatory framework offers insights for countries such as the United States in terms of cross-border capital regulation and systemic risk prevention, pointing out that global regulatory coordination has become a key issue in financial governance in the new era. In the future, the optimization of the regulatory system for financial holding companies should place greater emphasis on the international compatibility of regulatory rule systems, the precise application of technological tools, and the coordinated linkage among regulatory mechanisms. Against the backdrop of the continuous evolution of the financial industry, constructing a flexible, transparent, and sustainable regulatory framework is the key to maintaining financial stability and enhancing market trust.

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