China Technology

CBO - China Brief Overnight - May 22, 2026

China to penalize Tiger, Futu, and Longbridge Securities in cross-border flow crackdown; NDRC vows domestic large models to step up adaptation to domestic chips; Xiaomi debuts new YU7 and YU7 GT; DeepSeek prioritizes groundbreaking AI research over short-term commercialization.

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Jiong Shao, CFA
+1 212 526 5562
jiong.shao@barclays.com
BCI, US

Lian Xiu (Roger) Duan
+1 212 526 4633
lianxiu.duan@barclays.com
BCI, US

Xinyao Song
+1 212 526 6972
xinyao.song@barclays.com
BCI, US

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Government/Industry News

- **China to penalize Tiger, Futu, and Longbridge Securities in cross-border flow crackdown:** According to Bloomberg, China securities intends to confiscate all "illegal gains" from both the domestic and overseas entities of the firms and will impose severe penalties. Without proper regulatory approval, the firms marketed services, processed trading orders, and provided other securities offerings within mainland China, the CSRC said. The brokerages have been granted the right to a defense and a formal hearing before penalties are finalized. Futu responded it has previously fully suspended account openings for applicants with mainland China identities and will strictly comply with the latest regulatory guidance.

- **CPCA estimates NEV retail sales in May at ~950k units, up 12% mom, with NEV penetration at ~62.5%:** According to IT Home, leading automakers, which account for over 70% of total market sales, are targeting ~10% MoM growth in retail sales this month, broadly in line with normal seasonal trends. Consumer expectations for vehicle purchases have become more rational, with the auto market showing a gradual and moderate recovery.

- **NDRC vows domestic large models to step up adaptation to domestic chips:** According to 36Kr, NDRC emphasized a systematic approach, promoting the broad and deep integration of artificial intelligence across all sectors of the economy and society. While maintaining rapid development, efforts will focus on ensuring self-reliance and controllability.

Company News

- **Xiaomi debuts new YU7 and YU7 GT:** According to Sina News, on May 21, Xiaomi introduced the new YU7, starting at RMB 233.5k, ~RMB 21k lower than the first-gen of YU7. The YU7 GT will start at RMB 389.9k, which is RMB 140k cheaper than the SU7 Ultra. The first-gen YU7 has achieved 232k cumulative deliveries within 10 months since its launch.

- **Alibaba has integrated its new-generation Qwen3.7-Max in Qwen:** According to IT Home, Qwen3.7-Max is designed to serve as a general-purpose agent foundation and is free to use. It can handle tasks such as writing and debugging code, automating office workflows, and autonomously executing long-horizon tasks that span hundreds or even thousands of steps.

- **DeepSeek prioritizes groundbreaking AI research over short-term commercialization:** According to Bloomberg, DeepSeek's founder pledged to keep developing open-source AI models while pursuing a broader goal of achieving AGI. The company is in the final leg of discussions over a funding deal that may value the company at ~$45bn before the investment, with likely investors including the National Artificial Intelligence Industry Investment Fund and Tencent. CATL, JD.com, and NetEase are also reportedly in talks to invest in this funding round.

- **MiniMax, Zhipu to join HK Hang Seng TECH index:** According to Bloomberg, all changes will be implemented after the market close on June 5 and take effect on June 8.