

Development of RQFII in Hong Kong

April 2014

ICBC Asia

Pilot Scheme was first introduced in December 2011

- **Hong Kong subsidiaries of PRC incorporated fund management and securities companies**
- **Minimum holding of not less than 80% in fixed income instruments**
- **Though not clearly stated, SFC authorized public funds were the preferred products at that time.**

Equities focused ETF Scheme launched in July 2012

- **A-Share ETFs denominated in RMB were listed on Hong Kong Exchange**
- **In October 2012, dual counters (one counter denominated in RMB, one in HKD) for A-Share ETFs were launched.**

Relaxation of RQFII restrictions launched in March 2013

- **Hong Kong subsidiaries of Chinese commercial banks and insurance companies, or financial institutions which are domiciled in and have their principal places of business in Hong Kong can apply for RQFII license and quota.**
- **Remove of investment restrictions of asset allocations on equities or fixed income.**
- **RQFII funds may invest in stock index futures as well.**

RQFII products in Hong Kong

- RQFII SFC authorized Unit Trusts
- RQFII A-share ETFs
- RQFII Bond ETFs
- RQFII private Unit Trusts
- RQFII Cayman funds
- RQFII managed portfolios
- RQFII proprietary portfolio

RQFII Developments in Hong Kong **ICBC** **工银亚洲**

As at 31 March 2013

- **No. of RQFIIs which received quota from SAFE was 24**
- **Quota approved was RMB 70 Billions**

As at 31 March 2014

- **No. of RQFIIs which received quota from SAFE was 62**
- **Quota approved was RMB 200.5 Billions**

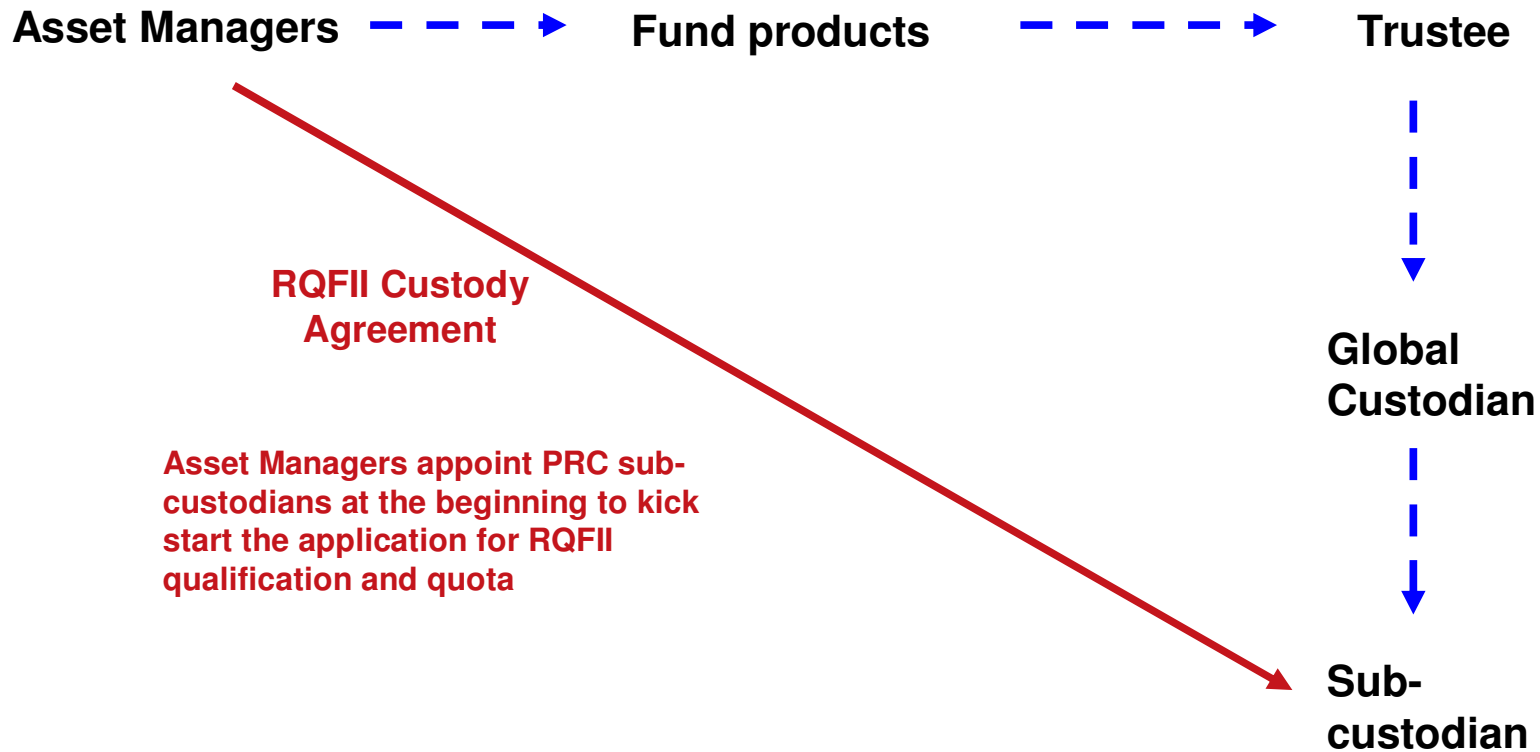
Special features of RQFII

International Environment



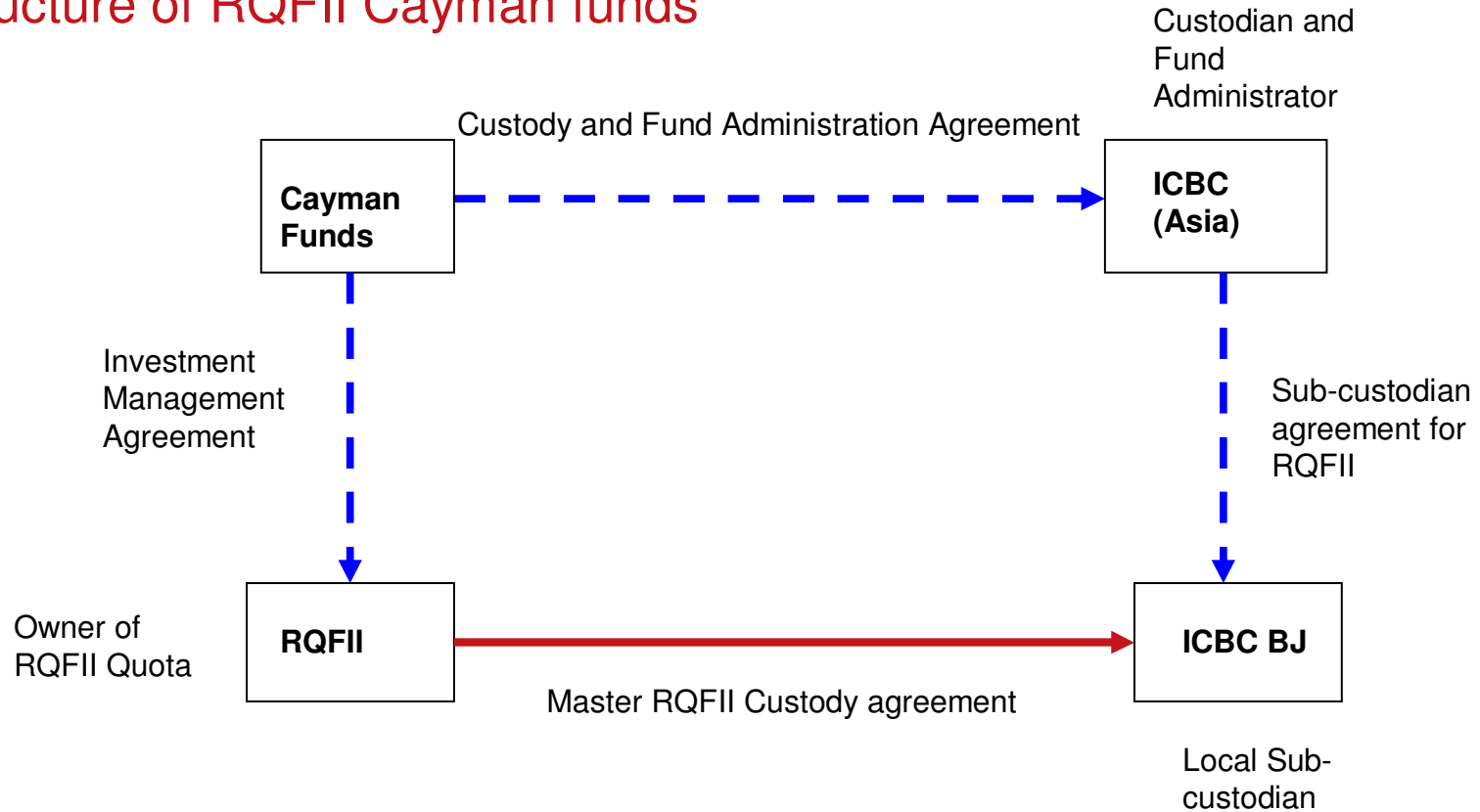
Special features of RQFII

Structure of RQFII unit trust



Special features of RQFII

Structure of RQFII Cayman funds



PRC Assets

- **Investors' accounts opened with CSDCC (China Securities Depository and Clearing Corporation) in the name of:**
 - **Name of the Fund (for SFC authorized funds)**
 - **Name of “RQFII” – Client money (for private funds / managed portfolios)**
 - **Name of “RQFII” (for their proprietary money)**

Recent development in Hong Kong ICBC 工银亚洲

- A strong pipeline of RQFII SFC authorized funds, ETFs
- RQFII Cayman funds are also very common
- More institutional investors are interested in managed portfolios

Thank You !