

Press release

HKSAR Government welcomes announcement of "Rules on Pilot Scheme on Investment in Mainland Securities by RQFII of Fund Management and Securities Companies" Friday, December 16, 2011

The HKSAR Government welcomes the announcement of the "Rules on Pilot Scheme on Investment in Mainland Securities by Renminbi Qualified Foreign Institutional Investors of Fund Management and Securities Companies" ("Rules on Pilot Scheme") by China Securities Regulatory Commission today (December 16).

The "Rules on Pilot Scheme" allows Hong Kong subsidiaries of qualified Mainland fund management and securities companies, as pilot institutions, to use Renminbi (RMB) funds raised in Hong Kong to invest in Mainland securities under an approved RMB investment quota. The initial pilot quota is approximately RMB 20 billion.

In the initial phase of the pilot scheme, not less than 80% of the funds raised by the Hong Kong subsidiaries have to be invested in fixed income securities which include different types of bonds and fixed income funds. Not more than 20% of the funds have to be invested in equities and equities funds. These seek to control risks.

The Financial Secretary, Mr John C Tsang said, "The HKSAR Government welcomes the announcement of the 'Rules on Pilot Scheme'. This is another important measure enhancing the circulation of onshore and offshore RMB funds after the announcement of the rules on RMB foreign direct investment in October. The announcement of the 'Rules on Pilot Scheme' implements the series of measures unveiled by Vice Premier Li Keqiang in the visit to Hong Kong to support the development of Hong Kong into an offshore RMB business centre under the National 12th Five-Year Plan.

"The 'Rules on Pilot Scheme' will facilitate the launch of more innovative RMB products. This will benefit investors, financial institutions and the financial markets as a whole", Mr Tsang added. "With the abundant RMB liquidity in Hong Kong, the promulgation of the rules will offer investors a greater variety of investment channels and advance the development of RMB funds

business in Hong Kong."

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