



Hong Kong Investment Funds Association

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HKIFA welcomes CBRC's notice on QDII

The Hong Kong Investment Funds Association (“HKIFA”) welcomes the Notice issued today by the China Banking Regulatory Commission (“CBRC”) in relation to the Overseas Wealth Management Business of Mainland Commercial Banks on behalf of their clients.

The Notice substantially expands the investment scope of Qualified Domestic Institutional Investor (“QDII”) products to include, amongst others, equities and public funds.

HKIFA believes that the relaxation in investment restrictions is in keeping with the Mainland’s policy of “going out (走出去的政策)”. As QDII products will be able to invest in a wide array of instruments and markets, commercial banks will have greater flexibility in designing products which can cater to the different risk/return profiles of the Mainland investors. We believe this initiative can help enhance the attractiveness of the QDII products.

The Notice also reflects that CBRC and other relevant mainland authorities have struck an appropriate balance - whilst increasing the flexibility for banks to develop new products, they are also mindful of the risks inherent in overseas investment. This represents a major step forward in enabling the mainland public to create a diversified portfolio to capitalize on overseas investment opportunities and to reduce risks.

HKIFA also points out that in addition to the efforts of CBRC and other relevant mainland authorities, the Hong Kong Securities and Futures Commission and the Hong Kong Monetary Authority have both played a pivotal role in spearheading this initiative. With this Notice and the signing of the MOU between CBRC and the HKSFC in April this year, certain HKSFC-registered persons can be appointed to manage QDII products. Also, these products can be invested in most of HKSFC-authorized funds. This is testament to the fact that the fund management industry in Hong Kong has a robust regulatory framework. We believe that this will further reinforce Hong Kong’s position as a Regional fund management centre.

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