

Products

Authorisations and registrations

During the quarter ended 30 June, we authorised 39 unit trusts and mutual funds (including 17 Hong Kong-domiciled funds), two investment-linked assurance schemes, one real estate investment trust (REIT) and 24 unlisted structured investment products for public offering in Hong Kong.

In May, we authorised the first logistics-focused REIT in Hong Kong, bringing the total number of SFC-authorised REITs to 13 as of 30 June.

We registered and approved 15 open-ended fund companies (OFCs) and their sub-funds, including 10 authorised exchange-traded funds (ETFs), as of 30 June.

Wealth Management Connect

We have been working with the People's Bank of China, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission (CSRC), State Administration of Foreign Exchange, Hong Kong Monetary Authority and the Monetary Authority of Macao on the implementation of the Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area.

Mutual Recognition of Funds (MRF)

Mainland China

Under the Mainland-Hong Kong MRF scheme, as of 30 June, we authorised a total of 48 Mainland funds (including two umbrella funds) whilst the CSRC approved 38 Hong Kong funds.

As of 30 June, the cumulative net subscription was about RMB773.49 million for Mainland funds and about RMB16.39 billion for Hong Kong funds. During the quarter, Mainland funds recorded a net subscription of about RMB111.42 million, down from RMB351.67 million in the previous quarter. Hong Kong funds recorded a net subscription of about RMB1.32 billion this quarter, up from RMB648.51 million last quarter.

Thailand

Hong Kong's MRF arrangement with Thailand became effective in June 2021¹. The arrangement allows eligible Hong Kong and Thai public funds to be distributed in each other's market through a streamlined process. The

approval process for local feeder funds investing in MRF-eligible master funds in each other's market will also be expedited. We organised industry briefings to explain the new initiative.

Grant scheme for OFCs and REITs

In May, we announced the launch of the Government's grant scheme to subsidise the setting up of OFCs and REITs. For OFCs successfully incorporated in or re-domiciled to Hong Kong and SFC-authorised REITs successfully listed on the Stock Exchange of Hong Kong Limited (SEHK), the scheme covers 70% of eligible expenses paid to Hong Kong-based service providers, subject to a cap of \$1 million per OFC and \$8 million per REIT.

The scheme will operate for three years and is open for applications on a first-come-first-served basis. We issued a press release to set out the details (including the eligibility criteria and application process) along with frequently asked questions to provide guidance to the industry.

ETFs

We worked with SEHK to enhance the efficiency and liquidity of ETFs in the secondary market. Effective May 2021, the trading tariff and minimum stock settlement fee for fixed income and money market ETFs are waived. In addition, different rates of trading fee exemptions for securities market maker transactions now apply to ETFs and leveraged and inverse products based on their liquidity and investment exposures.

Following the first cross-listings of Hong Kong ETFs on the Shenzhen Stock Exchange (SZSE) in October 2020, we worked with the CSRC to expand the cross-listing scheme to the Shanghai Stock Exchange (SSE). The first ETFs were cross-listed on SEHK and SSE in June. We are also working with the CSRC, SSE, SZSE and SEHK towards the launch of ETF Connect.

ESG funds

In view of the rapid growth of environmental, social and governance (ESG) funds and international regulatory developments, we published a circular² on 29 June with enhanced requirements for disclosures and annual assessments of ESG funds, especially those with a climate-related focus. We hosted industry briefings to explain the requirements.

¹ We signed a memorandum of understanding on MRF with the Securities and Exchange Commission of Thailand in January 2021.

² The circular supersedes a previous version issued on 11 April 2019.

Products

Authorised collective investment schemes

	As at 30.6.2021	As at 31.3.2021	Change (%)	As at 30.6.2020	YoY change (%)
Unit trusts and mutual funds – Hong Kong domiciled	838 ^a	835	0.4	781	7.3
Unit trusts and mutual funds – non-Hong Kong domiciled	1,394	1,382	0.9	1,371	1.7
Investment-linked assurance schemes	300	298	0.7	299	0.3
Pooled retirement funds	33	33	0	33	0
Mandatory provident fund (MPF) schemes	26	27	-3.7	27	-3.7
MPF pooled investment funds	209	212	-1.4	206	1.5
Others	26 ^b	25	4	26	0
Total	2,826	2,812	0.5	2,743	3

a This figure includes 107 approved pooled investment funds (retail APIFs) which MPFs may invest into and may also be offered to the public in Hong Kong.

b Comprising 13 paper gold schemes and 13 REITs.

Authorised unlisted structured investment products

	As at 30.6.2021	As at 31.3.2021	Change (%)	As at 30.6.2020	YoY change (%)
Unlisted structured investment products ^a	146	146	0	152	-3.9

a On a "one product per key facts statement" basis, including equity-linked investments and deposits.

Products

SFC-authorized renminbi investment products

	As at 30.6.2021
Unlisted products	
Unlisted funds primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed-income instruments or other securities	53
Unlisted funds (non-renminbi denominated) with renminbi share classes	295
Paper gold schemes with renminbi features	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	48
Unlisted structured investment products issued in renminbi ^b	145
Listed products	
ETFs primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed income instruments or other securities	42
ETFs (non-renminbi denominated) with renminbi trading counters	19
Renminbi leveraged and inverse products	2
Renminbi gold ETFs ^c	1
Renminbi REITs	1

a Refers to onshore Mainland investments through the Qualified Foreign Investor, Stock Connect, Bond Connect and the China Interbank Bond Market.

b The number is on a "one product per key facts statement" basis.

c Only includes gold ETFs denominated in renminbi.