

Products

Authorisations

During the quarter ended 31 December, we authorised 45 unit trusts and mutual funds (including 27 Hong Kong-domiciled funds), four mandatory provident fund (MPF) pooled investment funds and 48 unlisted structured investment products for public offering in Hong Kong.

OFC registrations

As of 31 December, we registered 48 open-ended fund companies (OFCs), of which 21¹ were new OFCs registered during the quarter.

Retail unlisted equity-linked investments (ELIs)

During the quarter, we authorised the first retail ELIs linked to stocks listed on US exchanges. We also published frequently asked questions to provide guidance to the industry on the acceptability and use of these stocks as reference assets for SFC-authorised unlisted structured investment products.

Hong Kong-domiciled funds

Despite volatility in the local equity market, the assets under management of Hong Kong-domiciled funds increased year-on-year by 3.9% to US\$192 billion as at the end of the quarter and recorded net fund inflows of about US\$15.6 billion for the 12 months ended 31 December. During the same period, the number of firms licensed for Type 9 regulated activity increased 5.4% to 1,979.

Wealth Management Connect (WMC)

The Cross-boundary WMC Pilot Scheme was launched on 19 October with 19 banks in Hong Kong initially eligible to provide WMC services. Since the pilot scheme was announced in June 2020, we worked closely with the People's Bank of China, Hong Kong Monetary Authority (HKMA) and other authorities and provided input on the scheme's design and operations, including the product scope and conduct-related matters. We also worked with the Investor and Financial Education Council on investor education materials. We provided input to the frequently asked questions on WMC enhancements published by HKMA in December to clarify that lists of eligible products may be provided upon investor request and explain the permissible promotional activities.

ETF Connect

In December, the Mainland and Hong Kong exchanges and clearing houses jointly announced their agreement on arrangements to include eligible exchange-traded funds (ETFs) in Stock Connect. We are working closely with the China Securities Regulatory Commission (CSRC), Hong Kong Exchanges and Clearing Limited, Mainland stock exchanges and other stakeholders on the details, including the business and technical preparations, which are expected to take about six months to complete.

Mutual Recognition of Funds (MRF)

Under the Mainland-Hong Kong MRF scheme, as of 31 December, we authorised a total of 47 Mainland funds (including two umbrella funds) whilst the CSRC approved 38 Hong Kong funds.

As of 31 December, the cumulative net subscription was about RMB1 billion for Mainland funds and about RMB14.3 billion for Hong Kong funds. During the quarter, Mainland funds recorded a net subscription of about RMB83.3 million, down from RMB172.31 million in the previous quarter. Hong Kong funds recorded a net redemption of about RMB1.61 billion this quarter, up from a net redemption of about RMB 539.11 million last quarter.

Investment-linked assurance schemes (ILAS)

To achieve better investor outcomes, we issued a circular in November to provide enhanced guidance and requirements for ILAS product design. A transition period of 18 months was provided for existing ILAS products to comply with the enhanced requirements. We also enhanced our ILAS authorisation process to reduce the approval time for simpler and more standard applications and held a workshop to brief the industry on the new product requirements and authorisation process.

¹ This figure includes 20 OFCs which are not authorised under section 104 of the Securities and Futures Ordinance (SFO) and hence may not be offered to the public in Hong Kong unless an exemption under the SFO applies.

Products

Pooled retirement funds (PRFs)²

In October, we released consultation conclusions on proposed amendments to the Code on Pooled Retirement Funds (PRF Code) to strengthen investor protection and ensure our regulations governing PRFs are up-to-date and fit for purpose. Key amendments include enhancing

requirements for the operation of PRFs and clarifying the obligations of key operators. The amendments took effect on 1 December. A 12-month transitional period will generally be provided for existing PRFs and their underlying investment portfolios and key operators.

Authorised collective investment schemes

	As at 31.12.2021	As at 31.3.2021	Change (%)	As at 31.12.2020	YoY change (%)
Unit trusts and mutual funds – Hong Kong-domiciled	865 ^a	835	3.6	810	6.8
Unit trusts and mutual funds – non-Hong Kong-domiciled	1,375	1,382	-0.5	1,384	-0.7
ILAS	300	298	0.7	300	0
Pooled retirement funds	32	33	-3	33	-3
MPF schemes	26	27	-3.7	27	-3.7
MPF pooled investment funds	217	212	2.4	210	3.3
Others	24 ^b	25	-4	25	-4
Total	2,839	2,812	1	2,789	1.8

a This figure includes 110 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 11 real estate investment trusts (REITs).

Registered OFCs

	As at 31.12.2021	As at 31.3.2021	Change (%)	As at 31.12.2020	YoY change (%)
OFCs	48 [^]	13	269.2	8	500

[^] This figure includes 41 OFCs which are not authorised under section 104 of the SFO and hence may not be offered to the public in Hong Kong unless an exemption under the SFO applies.

Authorised unlisted structured investment products

	As at 31.12.2021	As at 31.3.2021	Change (%)	As at 31.12.2020	YoY change (%)
Unlisted structured investment products [^]	176	146	20.5	145	21.4

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

² Pooled retirement funds are only available to occupational retirement schemes in Hong Kong as defined under the Occupational Retirement Schemes Ordinance.

Products

SFC-authorized renminbi investment products

	As at 31.12.2021
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	330
Paper gold schemes with renminbi features	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	47
Unlisted structured investment products issued in renminbi ^b	175
Listed products	
ETFs primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed-income instruments or other securities	51
ETFs (non-renminbi denominated) with renminbi trading counters	10
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 scheme, 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.