

# Products

## Authorisations

During the quarter ended 31 December, we authorised 51 unit trusts and mutual funds (including 23 Hong Kong-domiciled funds) and 18 unlisted structured investment products for public offering in Hong Kong.

## Wealth Management Connect

In January 2021, we entered into a memorandum of understanding (MoU) 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 Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area. The MoU provides a framework for the exchange of supervisory information and enforcement cooperation as well as a liaison mechanism for investor protection issues.

## Mutual Recognition of Funds (MRF)

### Mainland China

Under the Mainland-Hong Kong MRF scheme, as of 31 December, we authorised a total of 50 Mainland funds (including two umbrella funds), and the CSRC approved 29 Hong Kong funds.

As of 31 December, the cumulative net subscription for Mainland funds was about RMB310.39 million and that for Hong Kong funds was about RMB14.42 billion. During the quarter, Mainland funds recorded a net redemption of about RMB123.19 million, compared to a net subscription of RMB103.21 million in the previous quarter. Hong Kong funds recorded a net redemption of about RMB168.27 million this quarter, down from RMB2.35 billion last quarter.

### Thailand

We entered into an MRF arrangement with the Securities and Exchange Commission of Thailand in January 2021. The arrangement will allow eligible Hong Kong and Thai public funds to be distributed in the other market

through a streamlined process. The approval process for local feeder funds investing in MRF-eligible master funds in the other market will also be expedited. We organised a webinar in early February 2021 to explain these initiatives to the industry.

## Real estate investment trusts (REITs)

In November, we released consultation conclusions on proposed amendments to the Code on Real Estate Investment Trusts to provide Hong Kong REITs with more flexibility in making investments. The amendments took effect on 4 December.

## Open-ended fund companies (OFCs)

In December, we released the conclusions to our consultation on proposed customer due diligence requirements for OFCs. The new requirements will enhance the anti-money laundering and counter-financing of terrorism measures in respect of OFCs and better align the requirements for different investment vehicles for funds in Hong Kong. Upon the completion of the legislative process, the new requirements will come into effect after a six-month transition period.

## Exchange-traded funds (ETFs)

To reduce the mispricing risk of ETFs, we worked with Hong Kong Exchanges and Clearing Limited (HKEX) to impose price limits on ETFs during the pre-opening session of their first trading day. The limits, which will restrict price swings to 15% in either direction, came into effect on 19 October.

In December, we and HKEX jointly published guidance to the ETF industry on some common issues concerning listing applications, procedures for publishing announcements as well as factors to consider when deciding on a suspension or resumption of either primary market dealing or secondary market trading. More than 100 industry participants attended a joint SFC-HKEX webinar which further explained the guidance.

## Products

### Pooled retirement funds (PRFs)

In December, we launched a three-month consultation on proposed amendments to the Code on Pooled Retirement Funds to strengthen investor protection in view of the wide participation in Hong Kong by employers and employees of occupational retirement schemes which invest in PRFs. Key proposals include clarifying the obligations of key operators and enhancing the requirements for fund operations and trustees' internal control reviews as well as introducing requirements for different types of investment portfolios.

### Electronic dissemination of investment product documents

Following the publication of a circular and frequently asked questions (FAQs) to facilitate the dissemination of post-sale investment product documents in electronic form, we published additional FAQs in October to provide further guidance to the industry.

### Authorised collective investment schemes

	As at 31.12.2020	As at 31.3.2020	Change (%)	As at 31.12.2019	YoY change (%)
Unit trusts and mutual funds – Hong Kong-domiciled	810	762	6.3	763	6.2
Unit trusts and mutual funds – non-Hong Kong-domiciled	1,384	1,373	0.8	1,402	-1.3
Investment-linked assurance schemes	300	299	0.3	299	0.3
Pooled retirement funds	33	33	0	33	0
Mandatory Provident Fund (MPF) schemes	27	29	-6.9	29	-6.9
MPF pooled investment funds	210	206	1.9	206	1.9
Others	25 <sup>a</sup>	26	-3.8	27	-7.4
<b>Total</b>	<b>2,789</b>	<b>2,728</b>	<b>2.2</b>	<b>2,759</b>	<b>1.1</b>

a Comprising 13 paper gold schemes and 12 REITs.

### Authorised unlisted structured investment products

	As at 31.12.2020	As at 31.3.2020	Change (%)	As at 31.12.2019	YoY change (%)
Unlisted structured investment products <sup>a</sup>	145	146	-0.7	148	-2

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

## Products

### SFC-authorized renminbi investment products

	As at 31.12.2020
<b>Unlisted products</b>	
Unlisted funds primarily investing in the onshore Mainland securities markets <sup>a</sup> or offshore renminbi bonds, fixed income instruments or other securities	52
Unlisted funds (non-renminbi denominated) with renminbi share classes	252
Paper gold schemes with renminbi features	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	50
Unlisted structured investment products issued in renminbi <sup>b</sup>	145
<b>Listed products</b>	
ETFs primarily investing in the onshore Mainland securities markets <sup>a</sup> or offshore renminbi bonds, fixed income instruments or other securities	35
ETFs (non-renminbi denominated) with renminbi trading counters	18
Renminbi leveraged and inverse products	2
Renminbi gold ETFs <sup>c</sup>	1
Renminbi REITs	1

a Refers to onshore Mainland investments through the Renminbi Qualified Foreign Institutional 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.