

Products

Authorisations

As of 30 June, 2,799 SFC-authorized collective investment schemes were on offer to the public. During the quarter, we authorised 25 unit trusts and mutual funds and two mandatory provident fund (MPF) pooled investment funds for public offering.

Mutual recognition of funds (MRF)

The Netherlands

We entered into a memorandum of understanding (MoU) on MRF with the Dutch Authority for the Financial Markets (AFM) in May. The MoU allows eligible Hong Kong collective investment schemes, including funds structured in the form of open-ended fund companies, to be distributed in the Netherlands through a streamlined process, and vice versa. It also establishes a framework for information exchange, regular dialogue as well as regulatory cooperation on the cross-border offering of eligible funds.

Mainland China

Under the Mainland-Hong Kong MRF scheme, as of 30 June, we had authorised a total of 51 Mainland funds (including two umbrella funds), and the China Securities Regulatory Commission had approved 20 Hong Kong funds.



Signing of MoU with the AFM

As of 30 June, the cumulative net subscription for Mainland funds was about RMB300 million and that for Hong Kong funds was about RMB12.9 billion. For the period from April to June 2019, Mainland funds recorded a net redemption of about RMB147 million whilst Hong Kong funds recorded a net subscription of about RMB3.4 billion.

Authorised collective investment schemes^a

	As at 30.6.2019	As at 31.3.2019	Change (%)	As at 30.6.2018	YoY change (%)
Unit trusts and mutual funds	2,218	2,216	0.1	2,183	1.6
Investment-linked assurance schemes	299	300	-0.3	300	-0.3
Pooled retirement funds	34	34	0	34	0
MPF schemes	31	31	0	31	0
MPF pooled investment funds	192	191	0.5	194	-1
Others	25 ^b	25	0	26	-3.8
Total	2,799	2,797	0.1	2,768	1.1

^a Excluding unlisted structured investment products.

^b Comprising 14 paper gold schemes and 11 real estate investment trusts (REITs).

Products

ETF market-making regime

We have been working with The Stock Exchange of Hong Kong Limited (SEHK) and the industry to explore ways to enhance market efficiency and liquidity to support the long-term development of our exchange-traded fund (ETF) market. Following our approval, SEHK introduced a new buy-in exemption for securities market makers' short-selling transactions associated with ETF market-making activities on 4 July. With effect from 2 July, SEHK synchronised the resignation notice period requirement for securities market makers

and their associated designated specialists¹ with the requirement in the Code on Unit Trusts and Mutual Funds.

Green and ESG funds

We issued a circular in April to provide guidance on disclosures by SFC-authorized green or environmental, social and governance (ESG) funds. We will create a central database of these funds on the SFC's website to increase their visibility.

Unlisted structured investment products

	Quarter ended 30.6.2019	Quarter ended 31.3.2019	Change (%)	Quarter ended 30.6.2018	YoY change (%)
Unlisted structured investment products ^a	18	32	-43.8	6	200
Authorisations granted under section 105 of the Securities and Futures Ordinance ^b	18	34	-47.1	10	80

^a On a "one product per key facts statement" basis, the number of unlisted structured investment products authorised during the period, including equity-linked investments and deposits.

^b Offering documents and advertisements of unlisted structured investment products offered to the Hong Kong public.

SFC-authorized renminbi investment products

	As at 30.6.2019
Unlisted products	
Unlisted funds primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed income instruments or other securities	64
Unlisted funds (non-renminbi denominated) with renminbi share classes	209
Paper gold schemes with renminbi features	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	51
Unlisted structured investment products issued in renminbi ^b	135
Listed products	
ETFs primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed income instruments or other securities	32
ETFs (non-renminbi denominated) with renminbi trading counters	20
Renminbi gold ETFs ^c	1
Renminbi REITs	1

^a Refers to onshore Mainland investments through the Renminbi Qualified Foreign Institutional Investor (RQFII) quota, 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 ETF denominated in renminbi.

¹ A designated specialist is a corporate client (which may be located overseas or domestically) of a securities market maker registered with SEHK to perform ETF market-making activities. It is required to comply with the same market-making obligations prescribed under the Rules of SEHK for market makers.