

Products

Authorisations and registrations

As of 30 September, 2,789 SFC-authorized and registered collective investment schemes were available to the public. During the quarter, we authorised 22 unit trusts and mutual funds and 80 unlisted structured investment products for public offering. We also registered two private open-ended fund companies.

Mutual recognition of funds (MRF)

Mainland China

Under the Mainland-Hong Kong MRF scheme, as of 30 September, 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.

As of 30 September, the cumulative net subscription for Mainland funds was about RMB271 million and that for Hong Kong funds was about RMB16.7 billion. This quarter, Mainland funds recorded a net redemption of about RMB29 million whilst Hong Kong funds recorded a net subscription of about RMB3.7 billion.

United Kingdom (UK)

We entered into an addendum to the memorandum of understanding with the UK Financial Conduct Authority on the UK-Hong Kong MRF arrangement to ensure that it operates in a smooth manner after the UK's withdrawal from the European Union.

Trustees and custodians of public funds

In September, we launched a three-month consultation on the proposed regulation of depositaries¹ of SFC-authorized collective investment schemes (CIS). Under the proposal, depositaries operating in Hong Kong would be licensed by or registered with the SFC

for a new type of regulated activity, RA 13, and be subject to the ongoing supervision of the SFC or the Hong Kong Monetary Authority. The regime would provide better protection for scheme assets and help safeguard the interests of retail investors. It would also better align with standards set by the International Organization of Securities Commissions and practices in major overseas jurisdictions.

Asset and Wealth Management Activities Survey

In July, we released the *Asset and Wealth Management Activities Survey* for 2018. The scope of this year's survey was extended to cover the assets held by firms providing trust services to give a more comprehensive overview of the industry in Hong Kong. The survey findings showed that the assets under management (AUM) of the asset and wealth management business in Hong Kong amounted to \$23,955 billion as at 31 December 2018². Net fund inflows of \$783 billion were recorded in 2018 despite a 5% year-on-year decline in the adjusted AUM³.

Investments in debt instruments with loss-absorption features

In September, we published frequently asked questions to provide guidance on the disclosure and other requirements for SFC-authorized public funds which may invest in debt instruments with loss-absorption features.

¹ Depositaries are trustees for CIS in unit trust form, and custodians for CIS in other forms, who are at the top of the custodial chain.

² Comparative figures are not available, due to the extension of the scope of the survey.

³ Year-on-year change in the AUM of the asset and wealth management business between December 2017 and December 2018, adjusted to exclude assets held under trusts by non-licensed corporations and registered institutions due to the extension of the scope of the survey. The adjusted AUM of the asset and wealth management business was \$23,047 billion.

Products

Authorised and registered collective investment schemes^a

	As at 30.9.2019	As at 31.3.2019	Change (%)	As at 30.9.2018	YoY change (%)
Unit trusts and mutual funds	2,209	2,216	-0.3	2,185	1.1
Investment-linked assurance schemes	299	300	-0.3	300	-0.3
Pooled retirement funds	33	34	-2.9	34	-2.9
Mandatory provident fund (MPF) schemes	29	31	-6.5	31	-6.5
MPF pooled investment funds	192	191	0.5	194	-1
Private open-ended fund companies	2	0	N/A	0	N/A
Others	25 ^b	25	0	26	-3.8
Total	2,789	2,797	-0.3	2,770	0.7

^a Excluding unlisted structured investment products.

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

Unlisted structured investment products

	Quarter ended 30.9.2019	Six months ended 30.9.2019	Six months ended 30.9.2018	YoY change (%)
Unlisted structured investment products ^a	80	98	80	22.5
Authorisations granted under section 105 of the Securities and Futures Ordinance ^b	50	68	57	19.3

^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.

Products

SFC-authorized renminbi investment products

	As at 30.9.2019
Unlisted products	
Unlisted funds primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed income instruments or other securities	62
Unlisted funds (non-renminbi denominated) with renminbi share classes	210
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	146
Listed products	
Exchange-traded funds (ETFs) primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed income instruments or other securities	34
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.