

SMI Markets: China

Date: 21 Jun 2012

CMIRR Markets: China

CSRC Issues Consultation Paper on Revised QFII Scheme

On 20 June 2012, the China Securities Regulatory Commission (CSRC) published a consultation paper on the draft rules of the Implementation of Measures on the Administration of the Domestic Securities Investment of Qualified Foreign Institutional Investors (QFII). The salient points follow:

- New QFII entry requirements
 - Asset management institutions (previously called fund management companies)
 - Minimum years of establishment: 2 years
 - Minimum assets under management (AUM) in the most recent financial year: USD 500 million
 - Insurance companies
 - Minimum years of establishment: 2 years
 - Minimum AUM in the most recent financial year: USD 500 million
 - Securities companies
 - Minimum years of establishment: 5 years
 - Minimum net assets: USD 500 million
 - Minimum AUM in the most recent financial year: USD 5 billion
 - Commercial banks
 - Minimum years of establishment: 10 years.
 - Minimum tier-one capital: USD 300 million
 - Minimum AUM in the most recent financial year: USD 5 billion
 - Other institutional investors (pension funds, charity foundations, endowment funds, trust institutions and government investment management companies, etc.)
 - Minimum years of establishment: 2 years
 - Minimum securities assets under management of in the most recent financial year: USD 500 million
- QFIIs can open separate securities accounts for their proprietary and clients' assets. QFIIs can also open multiple securities accounts linked to the special CNY accounts as approved by the State Administration of Foreign Exchange (SAFE);
- QFIIs can invest in securities investment funds, bonds traded in the inter-bank bond market and other financial instruments as approved by CSRC;
- The aggregate shareholding limit of A-shares by all foreign investors in a single listed company will be increased from 20% to 30%. The single foreign investor limit in a listed company will remain unchanged at 10%;
- An electronic QFII application system will be introduced. QFII applicants can submit applications online via the CSRC's website, and then file an original application to the CSRC.

Public comments can be submitted until 5 July 2012. The official publications can be found here: [CSRC Consultation Paper](#) and [CSRC Circular](#) (in Chinese only).

Market Information Impact

China

This information affects the data contained in the Market Entry Requirements sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

China

Market Rating: A-

Market Flash Impact: Stable

This newsflash is for information only.

Related Flash: [CSRC to Further Develop QFII Scheme, 14/05/2012 \(click to view\)](#)

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