

SMI Markets: [China](#)

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## SAFE Issues Revised Regulations on QFII Scheme

The State Administration of Foreign Exchange (SAFE) has issued new regulations concerning Qualified Foreign Institutional Investors (QFII) scheme. The salient points covered under the revised QFII regulations are as below:

- The investment quota for institutional investors including sovereign funds, central banks and monetary authorities can exceed USD 1 billion;
- QFII status is required to open a CNY / RMB deposit account, and subsequently open multiple corresponding accounts for settlement purposes;
- A QFII can increase the amount of repatriation of its principal and income after the principal lock-up period. The total monthly repatriation amount cannot exceed 20% of the QFII's total assets as of the end of the previous year;
- Open-ended China funds can subscribe or redeem the net amount and process the injection / repatriation on a weekly basis. The total monthly amount of repatriation must be less more than 20% of the QFII's total asset for such fund as of the end of previous year;
- QFIIs (except for open-ended China funds) can apply for principal repatriation to SAFE through a written application, after the investment principal lock-up period. Upon approval, SAFE will issue an approval document and reduce the QFII investment quota accordingly. Custodians will process the fund repatriation based on the SAFE approved document;
- For the repatriation of accumulated realised proceeds (except for open-ended China funds), the custodian can process the relevant repatriation based on the relevant documentation, such as the QFII's written application or instruction, a copy of a special audit report by a domestic certified public accountant, and tax payment documents on the proceeds.
- The time period for custodian banks to submit the Monthly Report I & II on Domestic Securities Investment by QFIIs has been reduced from 8 working days to 5 working days after the end of each calendar month.

The new regulations enter into force immediately. The SAFE announcement is available here: [SAFE Circular 2012 No.2](#) (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 Finalises the Revised QFII Scheme, 30/07/2012 \(click to view\)](#)

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