

The Guidebook For Overseas Asset Management Institutions To Invest In Beijing (Exposure Draft)



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Beijing Local Financial Supervision and Administration
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Foreword

Asset management is one of the fastest developing sectors within the global financial industry, accounting for approximately 25% of the total global financial assets. In 2019, the total scale of global asset management reached a record high, doubling that of a decade ago. In recent years, the evolution of asset management products has accelerated, transitioning from traditional products dominated by public funds, pension funds and insurance to passive solutions and alternative investment products. Investment types continue to improve and diversify; investment fields are gradually expanding; and transaction structures are experiencing new innovations. Today, asset management is an important pillar underlying the development of capital markets.

Asset management is also an important field in China's financial opening-up. Since President Xi Jinping's announcement to significantly expand the market threshold at the 2018 Boao Forum for Asia, China's financial opening-up has accelerated at a rapid pace. In the past two years, asset management fields such as bank wealth management, insurance asset management, funds and trusts have fully opened up. Over half of the eleven opening-up measures announced in 2019 by the Financial Stability and Development Committee under the State Council were directly related to the opening-up of the asset management sector. In the same year, China set out new asset management regulations to subject the whole sector to uniform regulation, marking the beginning of the era of "big asset management". At the same time, the sound development of China's economy and individuals' accumulation of wealth in recent years have driven up the market demand for asset management. A more open market environment and massive potential of market demand have attracted the attention of global asset management institutions. More and more asset management institutions are moving to allocate assets and establish a presence in China. Overseas asset management powerhouses are accelerating their entry into China, while the local asset management sector is speeding up its development into a mature international model.

Beijing is home to one of the most developed asset management markets in China. According to the Fourth National Economic Census, as of late 2018, the total value of Beijing financial institutions' assets reached RMB 148 trillion, accounting for over half of China's financial assets. According to the latest statistics, this total value has surpassed RMB 150 trillion. Beijing is notable for its high concentration of asset management institutions. In bank wealth management, the wealth management subsidiaries of Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and Postal Saving Bank of China are all headquartered in Beijing. The wealth management subsidiaries of other banks such as Minsheng Bank are also headquartered in Beijing. Half of the top ten institutions in private banking, securities companies, funds, trusts, and insurance companies are headquartered in Beijing. Beijing's asset management market also enjoys access to favorable resources. Major contributors in the domestic asset management sector are concentrated in Beijing. They include not only commercial banks, social security funds, insurance funds, listed companies, and high net-worth individuals but also foreign reserve and sovereign funds. The growth of asset management in Beijing enables entities to allocate assets conveniently across China and even around the world. Beijing is China's only city where the opening-up of the service sector is being expanded as part of a comprehensive pilot program. Since the approval of the Daxing Airport

Free Trade Zone last year, Beijing's opening-up policies and level have been further upgraded. These advantages are set to make Beijing the top destination for foreign asset management institutions seeking to develop in China.

In order to assist foreign financial institutions in becoming more familiarized with Beijing's financial market environment, the Asset Management Association of China, Beijing Asset Management Association, Beijing Private Equity Association and CFA Institute have jointly compiled the Investment Guide for Overseas Asset Management Institutions, hoping to help more overseas asset management institutions to establish business ties with partners in Beijing and provide overseas investors with insights into the financial market in Beijing and China as a whole.

As the supervisory department for local financial development, service and regulation, the Beijing Local Financial Supervision and Administration is dedicated to creating a sound development environment, coordinating local resources for overseas asset management institutions which invest and establish their business presence in Beijing, providing them with comprehensive service support. We sincerely welcome more investors to develop their business in Beijing and wish them the greatest success in their endeavors.

Secretary of the Party Leadership Group and Director of
Beijing Local Financial Supervision and Administration Bureau

June,2020

Foreword

In recent years, China has accelerated the opening-up of China's financial service sector, releasing a series of new policies and guidelines to provide foreign financial institutions easier access to China market. In April 2018, President Xi Jinping announced at the Boao Forum that China would further open up its financial services sector. Later in 2018, China published policies that grant oversea financial institutions easier and wider access to China market, and remove the foreign equity limit on the securities companies and fund management companies, and set the implementation deadline of this policy. In 2019, China moved the implementation deadline to an earlier date; on April 1st of 2020, China officially removed the foreign equity limits on securities companies.

Benefiting from those policies, Goldman Sachs Group became the majority and controlling shareholder of the joint-venture Goldman Sachs Gao Hua Securities Co., Ltd, after increased its ownership percentage from 33% to 51% on March 23rd, 2020. This event reminds me a story of 16 years ago. In 2004, Goldman Sachs and Gao Hua Securities established a joint venture in Beijing. At that time, I was a part of the decision making process on the Beijing side, thinking about whether to set up a wholly domestic private securities company, or a joint venture with a foreign firm. Eventually I decided to go the latter option for two reasons: to invite a top-tier international investment bank into China so that we can learn the best practices from her, and to introduce competition into China's capital market. The same logic applies today: the more oversea asset managers enter into China, the faster China asset management industry will develop, and the more healthier the securities market will be.

Beijing, as the capital of China, is not only the political center but also a national financial regulatory center. It is the home of many large size Chinese financial institutions, crucial financial infrastructures, and well-known international financial organizations. With decades of continuous development, Beijing has formed competitive advantages on talent pool, FinTech innovation, financial infrastructure, policy innovation and market platform, laying a solid foundation for the further opening up the financial services sector. Beijing is well prepared for the next wave of opening-up. The top-tier supporting system and favorable business environment offer tremendous opportunities for oversea asset management firms to start and grow their businesses in Beijing.

As a practitioner who has collaborated with foreign financial institutions for decades, I welcome overseas assets managers to come to Beijing. In Beijing's journey to become an impactful international financial center for asset managers, you will be part of this adventure, experience the excitement, witness the miracle, contribute to its progress, and benefit from its success.

Chairman of Beijing Private Equity Association



June, 2020

I. Why Choose China and Beijing?

1. Why Choose China?

With the rapid growth of residents' wealth, the demand for asset management services in China has surged. By the end of 2018, the scale of China's asset management industry was RMB 121.27 trillion^①. The total scale of investable assets held by Chinese individuals reached RMB190 trillion in 2018 and was expected to exceed RMB 200 trillion^② by the end of 2019. The Chinese asset management industry is in high demand both domestically and globally, has great market potential.

In recent years, China's asset management industry has gradually opened up to foreign investment, and gradually liberalized restrictions on foreign investment in securities, retail funds, private funds, banking, and insurance fields. The growing potential of the asset management market coupled with the increasing demand of investors for asset allocation, the fully open asset management industry, and diversified investment channels have brought a newer and broader development opportunities for foreign-owned asset management institutions. These opportunities are reflected in the fact that foreign investment management agencies have the flexibility to choose to either raise overseas funds to invest into the Chinese capital market or raise funds from Chinese investors to invest in domestic and overseas capital markets.

First, there is a huge demand for Chinese investors to make overseas investments. According to the general principles of global decentralized allocation, 10% -20% of personal investable assets should be allocated overseas assets. The size of this market is RMB20 - 40 trillion (approximately USD3 - 6 trillion). With the gradual increase in QDLP and QDII investment quotas and the opening and substantial expansion of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and Shanghai London Stock Connect, these potential business opportunities are becoming a reality.

Second, China's A-shares and bonds have also been incorporated into major global indices in recent years. Various types of passive and active funds around the globe are expected to increase their allocation requirements for China's assets.

Table 1 China's Capital Market Integration into Global Index Process

Time	Content
January 2019	Bloomberg Barclays announced that the Chinese RMB-denominated government and policy bank bonds will be added to the Bloomberg Barclays Global Aggregate Index starting from April 1, 2019 and will be complete within 20 months.
March 2019	MSCI announced that it would increase the Weight of China's A-Shares in the MSCI Indexes by increasing the inclusion factor of China A-shares from 5% to 20% in three steps.
September 2019	FTSE Russell's announced that it would increase the inclusion factor of China's A-shares from 5% to 15%.
September 2019	S&P Dow Jones Indices officially added 1,099 of China's A-shares, weighted at 25%, to its S&P Emerging BMI.
February 2020	China's government bonds will be officially added to the J.P. Morgan Government Bond Emerging Markets Index with a 10% upper limit, to be complete within 10 months.

① Data Source: 2019 China's Asset Management industry development report, written by Ba Shusong and Yang Jing.

② Data Source: 2019 China Private Wealth Report jointly issued by China Merchants Bank and Bain Consulting.

2. Why choose Beijing?

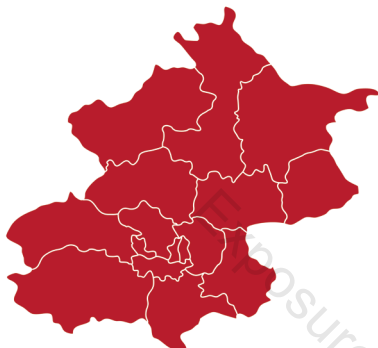


Figure 1 Overview of Beijing

- As the capital city of the People's Republic of China, Beijing has approximately 16,410.54 square kilometers of land area and consists of 16 districts, with a permanent population of 21.536 million.
- In 2019, Beijing's GDP reached RMB 3537.13 billion, which is an increase of 6.1% from the previous year.
- The tertiary industry contributed 87.8% to Beijing's economic growth.

Six Advantages

(1) Efficient and convenient communication with financial regulators

As the capital city of the People's Republic of China, Beijing is the center of national macroeconomic decision-making and financial management. With policy information being widely accessible and communication with authorities and financial regulators being convenient and efficient, Beijing provides financial institutions with an environment that facilitates operational efficiency and reduced compliance costs. Beijing is regarded as a hub for China's asset management headquarters, given that various financial institutions have strategically located their headquarters in Beijing.

(2) Increasing number of financial policies that center on the opening up of its service sector

Beijing is the only city in China to actively open up its service sector, as evidenced by the approval of the Daxing New Airport Free Trade Zone in 2019. , can make full use of Beijing's pilot policy of opening up the service sector and enjoy convenience in the field of cross-border asset management. To encourage the establishment of foreign assets management institutions in Beijing and open up Beijing to foreign investors, the State Administration of Foreign Exchange approved the launch of the Beijing QDLP Pilot Program in early 2020.

(3) Large pool of investors and funds

Beijing's large and growing asset management market means that most of the major capital suppliers and investors in China's asset management industry are concentrated in Beijing, including commercial banks, social security funds, insurance funds, listed companies, high-net-worth individuals, and foreign exchange reserves and sovereignty funds. These institutions are expected to become partners of foreign-funded institutions.

(4) Convenient allocation of assets across the country and globally

Carrying out asset management activities in Beijing allows assets to easily be allocated across the country and globally, and creates ample opportunities to participate in mergers and acquisitions of listed companies in Beijing and make investments in high-tech growth companies. The majority of science and technology board and new third board companies in the country can be found in Beijing, and half of the country's unicorn companies are concentrated in Beijing.

(5) Good corporate governance and business environment

Beijing is regarded around the globe as the benchmark for corporate governance and business practices. In the World Bank's "Business Environment Report 2020", Beijing scored 78.2 points, which is equivalent to being ranked 28th in the world. Beijing has established two levels of "service butlers" and special work classes for financial institutions in the urban area, and established a rapid response mechanism to open up policy channels for project implementation.

(6) Human capital

With eight universities ranked as "world-class university-building universities (type A)" located in Beijing, Beijing has the largest number of prominent universities in the PRC as well as the highest proportion of graduates with tertiary education. Given the numerous world-class business and finance schools located in Beijing, there is a large and promising talent pool of business and finance graduates, as well as more than 500,000 financial practitioners ready to contribute their services to the financial sector, making Beijing the city with the most financial talent in the PRC.

Selected Policies and Measures in Beijing for the Support of Financial Institutions

1. Newly established legal entity financial institutions that fall under Beijing's strategic "four centers" guidelines shall receive a one-time subsidy for opening and operating expenditure based on their comprehensive contribution. In proportion to the scale of actual paid-in capital, an RMB 5 million subsidy will be granted for capital contribution ranging from RMB 100 million (included) to RMB 500 million; a RMB 10 million subsidy will be granted for capital contribution ranging from RMB 500 million (included) to RMB 1 billion; a RMB 20 million subsidy will be granted for capital contribution ranging from RMB 1 billion (included) to RMB 3 billion; a RMB 50 million subsidy will be granted for capital contribution over RMB 3 billion (included). An increase of over RMB 1 billion (included) actual paid-in capital by a financial institution will entitle it to receipt of a one-time RMB 10 million subsidy based on its comprehensive contribution.

2. Newly established financial institutions that purchase or lease office space for their own use will receive a fund subsidy. Those which purchase office space will receive RMB 1,500 per square meter; those which lease office space will receive annual subsidy (50% of that year's rent) for three successive years. In line with the decentralization of non-capital functions of Beijing and the planning and construction of its financial function area, a batch of quality office space will be reserved for financial institutions, while improving supportive facilities and services, such as meeting and conferencing, commercial, telecommunications and Internet connection.

3. Senior management personnel and core employees of newly established legal entity financial institutions that fall under Beijing's strategic "four centers" guidelines and provide a major contribution to Beijing's financial industry development will be entitled to certain incentives and support service based on the scope of their overall contribution. In Xicheng District, senior executives will receive a monetary incentive equal to 15% of their taxable income, and mid-level management personnel will receive a monetary incentive equal to 7% of their taxable income.

4. To select 10 innovation projects on a yearly basis, granting each a special monetary incentive of RMB 5 million. Such innovations may include technology, service, product, commercial procedures, or organizational model in the fields of fin-tech, green finance, cultural and creative industry finance, smart finance, and inclusive finance.

5. In line with the policy of building financial talent to develop a "high-grade, precision and advanced" financial industry, senior executives and core employees of financial institutions that meet certain criteria and make a significant contribution to Beijing's financial development are eligible to apply for Beijing Hukou, the local household registration status.

To provide senior executives of financial institutions comprehensive and high-quality services, such as medical care, children education, commuting, and housing.

7. Assistance will also be provided to international financial professionals regarding international schooling and medical care, entry into and exit from China, permanent residence in Beijing, and work permit application assistance.

With the consent of the Beijing Municipal Government, financial institutions that provide a unique, strategically significant contribution to Beijing's financial development will receive special policy support.

9. Financial institutions can contribute to the housing fund at no more than 12% of employees' total salary.

10. Financial institutions that meet certain conditions are eligible to benefit from special industry policies formulated by Beijing to support green finance, fin-tech, and cultural and creative industry finance.

Note: The above are policies and measures formulated by the Beijing Municipal Government in support of financial institutions. Each district in Beijing will develop and implement its own relevant supporting policies and measures.



3. Overseas asset management institutions that can be established in the PRC

Overseas asset managers may consider setting up asset management institutions listed in the following table in the PRC.

Table 2

Institution Type	Regulatory Authority	Product, Service, & Investment Scope	Source of Funds	Channel for raising overseas funds	Channels for investing in overseas assets
Fund Management Company (FMC)	China Securities Regulatory Commission (CSRC)	Issuing and manage public securities investment funds (i.e. retail funds), which may invest in listed stocks and bonds, and any other securities and derivatives thereof stipulated by the CSRC. Through its subsidiaries, FMC can issue and manage private placements products, and provide investment advisory, separately managed accounts (SMAs), and other services.	-Retail funds products: Non-specific public investors. Private placement products: domestic qualified investors	Retail funds can be sold to overseas foreign asset management institutions that have obtained QFII/RQFII qualification, or sold in Hong Kong, Japan and other markets by Mutual-Recognition of Funds program	Apply for the qualification and quota under the Qualified Domestic Institutional Investors (QDII) scheme ; Use Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect; use bond connect scheme once the south-bound becomes available
Securities Company	CSRC	Providing services such as securities brokerage, securities investment advisory, financial consulting, securities underwriting and sponsoring, margin trading and short-selling, securities market making, self-operated securities business. Issuing and managing retail and private funds.	Same as above	Same as above	Same as above
Private Securities Investment Fund Manager (PFM)	Asset Management Association of China (AMAC)	Issuing and managing private securities investment funds. Private securities investment funds can invest in publicly listed and traded stocks (including stocks listed on main-board markets, SME board, GEM); bonds (including inter-bank bonds, exchange bonds); money market instruments, pledge repo, bank deposits, publicly-offered securities investment funds, futures, options, warrants, income swaps, etc.	Private placement from domestic qualified investors.	N/A	Apply for the QDLP qualification and quota from Beijing Local Financial Supervision and Administration Make use of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; use bond connect scheme once the south-bound becomes available

Institution Type	Regulatory Authority	Product, Service, & Investment Scope	Source of Funds	Channel for raising overseas funds	Channels for investing in overseas assets
Qualified Domestic Limited Partnership (QDLP)	AMAC	issuing feeder funds to invest in overseas assets. Can invest in overseas securities, commodity futures, REITS, financial derivatives, various funds, and equity of unlisted companies. Cannot invest in the domestic securities market.	Private placement from domestic qualified investors.	N/A	Apply for the QDLP qualification and quota from Beijing Local Financial Supervision and Administration
Qualified Foreign Limited Partner (QFLP)	AMAC	Raising and issuing private equity investment funds to invest in unlisted companies, convertible bonds, and companies listed in the “new-third-board” market	Private placement from both foreign and domestic qualified investors.	Apply for QFLP qualification and quota from Beijing Local Financial Supervision and Administration	N/A
Wealth Management Subsidiaries of Commercial Bank	China Banking and Insurance Regulatory Commission (CBIRC)	Issuing and managing public traded or private placement wealth management products. Public traded funds can invest in standardized equities, and standardized or non-standardized bonds. Private placement can be invested in a wider range of assets, without specific restrictions.	-Publicly offered products: Non-specific public investors Private placement products: domestic qualified investors	N/A	Apply for the qualification and quota of QDII; Use Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect; use bond connect scheme once the south-bound becomes available
Insurance Asset Management Company	CBIRC	can invested in bonds, equity, commodities and derivatives based on different product categories.	Private placement from domestic qualified investors.	N/A.	Same as above
Trust Company	CBIRC	Managing and disposing of trust property. Establishing and managing trust funds, chattel trust, real estate trusts, securities trusts, and trusts in other properties. Trust can invest in a wide range of investment targets including standard and non-standard equity, debt, derivatives, funds and other alternative assets.	Private placement from domestic qualified investors.	N/A	Same as above

4. Cross-border investments that can be carried out by overseas foreign-invested asset management institutions

Under cross-border projects, overseas investors can invest in China's securities and futures market without the need to set up entities in China.

Table3

Business	The role of overseas institutions	The direction of capital flows	The role of domestic/ Chinese partners	Investment scope
QFII, RQFII	Raising overseas funds to be invested in China's securities and futures markets	from overseas to domestic	A domestic custodian bank is required to take the fund into custody. Domestic institutions may provide investment research and advisory services.	RMB-denominated financial instruments - Equities, bonds, and options traded at Stock Exchanges; - Fixed income products traded in CIBM; - Stock index futures; - Securities investment funds; - Any other financial instruments permitted by the CSRC. - Issuance of new shares, issuance of convertible bonds, rights issue, and subscription of placement shares
Stock Connect: Shanghai-HK Connect, Shenzhen-HK Connect, Shanghai-London Connect (to invest in China market)	Raising overseas funds to invest in China's securities and futures markets	from overseas to domestic	Domestic institutions can be entrusted to provide investment research and advisory services	- Shanghai-Shenzhen-Hong Kong Stock Connect (Northbound): stocks in the list prescribed by Shanghai Stock Exchange and Shenzhen Stock Exchange. - Shanghai-London Stock Connect (Westbound) : Global Depository Receipts (GDR) of the qualified A-share in Shanghai Stock Exchange, which are listed and traded in the London Stock Exchange.
Stock Connect: Shanghai-HK Connect, Shenzhen-HK Connect, Shanghai-London Connect (to invest in overseas markets)	Providing Investment research and advisory services to domestic institutions.	From overseas to domestic	Raising domestic funds to invest in overseas securities markets	Shanghai-Shenzhen-Hong Kong Stock Connect (southbound): stocks in the list prescribed by the Hong Kong Stock Exchange Shanghai-London Stock Connect (Eastbound): Chinese Depository Receipts (CDR) of the qualified companies listed in the London Stock Exchange, which are listed and traded in the Shanghai Stock Exchange.

Business	The role of overseas institutions	The direction of capital flows	The role of domestic/ Chinese partners	Investment scope
Direct investment in the inter-bank bond market (CIBM Direct)	Raising overseas funds to invest in the Chinese inter-bank bond market	from overseas to domestic	A domestic bank is required to settle the transaction; Domestic institutions can be entrusted to provide investment research and advisory services	All bond products traded in the inter-bank bond market. In addition, asset managers can participate in bond lending, bond forward, interest rate forward, and interest rate swap transactions based on hedging requirements, and invest in other products permitted by PBOC.
Bond Connect	Raising overseas funds to invest in China's interbank bond market	from overseas to domestic	Domestic institutions can be entrusted to provide investment research and advisory services	All bond products traded in the inter-bank bond market.
Qualified specific types of commodity futures	Raising overseas funds to invest in China's futures markets	from overseas to domestic	Domestic institutions can be entrusted to provide investment research and advisory services	Qualified specific types of futures, such as crude oil, iron ore, PTA, Rubber No.20, etc.
Mutual Fund Recognition (Northbound Fund)	Issuing and managing public traded funds registered in Hong Kong to invest in overseas assets	from overseas to domestic	Domestic placement agency can help sell the funds	The investment scope of public funds, prescribed by the Hong Kong Securities Regulatory Commission
China Themed ETF listed on the Tokyo Stock Exchange	Issuing and managing of ETF funds listed on the Tokyo Stock Exchange to invest in the Chinese market	through QFII, funds flow from overseas to domestic	A domestic custodian bank is required to take the fund into custody.	ETF of Shanghai Stock Exchange or its corresponding underlying stocks

II Legal and Policy Environment

1. Legal and Policy Environment

China has laid out standard requirements for the asset management industry at three levels: laws and regulations, management by administrative government bodies and self-regulation of self-regulatory organizations. To conduct asset management business in China, requirements at all three levels should be followed.

Currently, the China Securities Regulatory Commission (hereinafter referred to as the CSRC) is the administrative authority for publically-offered funds, the private asset management business of securities and futures institutions, and for private investment funds. The Asset Management Association of China, under the guidance of the CSRC, conducts self-regulatory management for this group.

The China Banking and Insurance Regulatory Commission (hereinafter referred to as the CBIRC) is the administrative authority for the wealth management business and subsidiaries of commercial banks and the asset management business of the trust and insurance companies. The Insurance Asset Management Association of China, under the guidance of CBIRC, conducts self-regulatory management for this group.

Table 4 The administrative authorities, legal basis and self-regulatory organizations of various asset management business^③

Administrative authorities	Types of asset management	Major laws	Major government regulatory documents	Self-regulatory organizations
CSRC	Public-offered funds	the Fund Law, the Securities Law, the Trust Law	The CSRC mainly puts forward specific requirements in administrative regulations or standard documents in the six aspects: fund management company, fund sales, fund custody, fund investment, fund information disclosure, and fund practitioners	Asset Management Association of China, Securities Association of China
	Private asset management business of securities and futures institutions		Administrative Measures on Private Asset Management Business of Securities and Futures Institutions, Administrative Provisions on the Operation of Private Asset Management Plans by Securities and Futures Institutions	
	Private investment funds (including private equity investment funds, private securities investment funds, other private investment funds and private asset allocation funds)		Provisional Measures on Supervision and Administration of Private Investment Funds, Administrative Measures on the Suitability of Securities and Futures Investors	
CBIRC	Wealth management business of commercial banks	Law on Banking Regulation, the Commercial Bank Law	Measures on Supervision and Administration of Wealth Management Business of Commercial Banks	/
	Wealth management business of wealth management subsidiaries of commercial banks		Administrative Measures on Wealth Management Subsidiaries of Commercial Banks	/
	Asset management business of trust companies	the Trust Law	Administrative Measures on Assembled Funds Trust Schemes of Trust Companies	/
	Asset management business of insurance companies	the Insurance Law	Provisional Measures on Administration of Insurance Asset Management Products, Notice of China Insurance Regulatory Commission on Matters Relating to Establishment of Insurance Private Investment Fund, Tentative Provisions of the Administration of Insurance Asset Management Companies Provisions, etc.	Insurance Asset Management Association of China

^③ As for the legal basis set out in Table 4, "law" refers to standard documents formulated by the National People's Congress or the Standing Committee of the National People's Congress, among which the Fund Law, the Securities Law, the Trust Law, Law on Banking Regulation, the Commercial Bank Law, and the Insurance Law refer to the Securities Investment Fund Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Trust Law of the People's Republic of China, and the Law of the People's Republic of China on Banking Regulation, the Commercial Bank Law of the People's Republic of China, Insurance Law of the People's Republic of China. "Government regulatory documents" refer to administrative regulations and other standard documents formulated by administrative departments of the government.

At present, beyond the regulations set by the CSRC and the CBIRC, to conduct asset management business in China, the Guidance on Regulating the Asset Management Business of Financial Institutions must be complied with. In addition, the Asset Management Association of China has established a relatively complete set of self-regulatory rules covering private investment fund management institutions, fund products, qualified investors, fund custody, fund sales, fund investment, information disclosure, accounting, fund valuation, outsourcing of services and etc.

2 . Organizational and Legal Structure of Asset Management Products

Generally, the asset management products of China are organized in three forms: contract type, partnership type and company type. Partnership type and company type asset management products need to be registered as business entities at the industrial and commercial administrative departments in accordance with the Partnership Law of the People's Republic of China (hereinafter referred to as the Partnership Law), the Company Law of the People's Republic of China (hereinafter referred to as the Company Law). In addition, private investment funds should be registered with the Asset Management Association of China.

From the perspective of legal framework, asset management products usually involve investors, managers, custodians, underlying asset and other subjects.

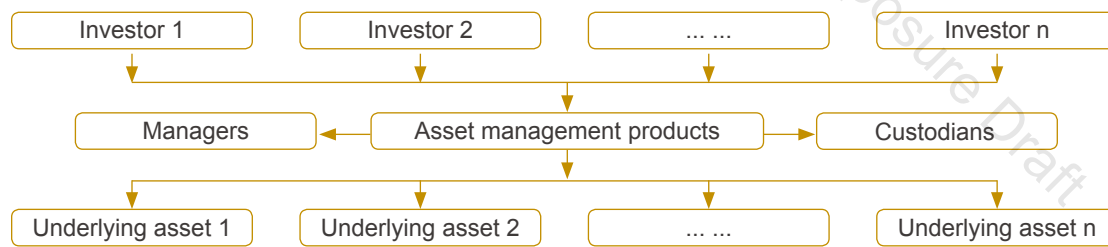


Figure 1 Reference Model of the Legal Architecture of Asset Management Products

In practice, asset management products such as publically-offered funds and private securities investment products are usually contract type products which boils down to a fiduciary relationship. The investor/shareholder is the trustor as well as the beneficiary. It is a self-benefit trust because the trustor and the beneficiary are the same person. The fund manager and the fund custodian are trustees who perform their fiduciary duties in accordance with the provisions of the Fund Law and other relevant laws and regulations.

Private equity funds are mainly invested in the equity of unlisted companies. Partnership and company type funds, once established in accordance with the Partnership Law and the Company Law, are commercial entities and can be directly registered as shareholders of the invested company through the industrial and commercial registration system. For contract type funds, fund managers are registered as shareholders on behalf of investors and the agency relationship may have a negative impact on the invested company in any future IPO process. Therefore in practice, private equity funds tend to be either partnership or company type. In partnership and company type funds, the fund manager shall also assume the obligation of trustee, placing the interests of the trustor above that of the fund manager, and earnestly perform the fiduciary management duties in the principles of trustworthiness and prudence.

In partnership type private equity funds, the investor becomes a partner (usually a limited partner) and establishes the partnership while the fund manager and/or its related parties become the general partner of the partnership, acting as the executive partner to deal with the partnership affairs. In certain fund structures, the fund manager is not a general partner and does not act as an executive partner but establishes the fiduciary management relationship with the fund asset by signing a management entrusting agreement with the partnership.

In company type private equity funds, the investor makes an investment to establish a limited liability company or a joint stock company and the fund manager and/or its related parties may make a follow-up investment to become a shareholder of the company. Company type funds usually entrust fund managers with investment and management services through a management entrusting agreement with the fund manager.

Commercial banks, wealth management subsidiaries of commercial banks, trust companies and insurance companies mostly conduct private asset management business using contracts and offer products such as equity, debt, real estate investment, trust plans and wealth management products in accordance with the applicable laws and regulations.

III . Establishment of Asset Management Companies and Filing of Record for Asset Management Products

1.Public Funds

(1)Establishment and approval of qualifications of public fund managers

Public funds must be raised and managed by public fund managers in order to invest in securities. Management of public funds may only be carried out by a fund management company or an institution approved by the China Securities Regulatory Commission (CSRC) in accordance with with relevant laws and regulations. The application process for the approval to act as a public fund manager includes two steps: (i) the establishment of a public fund management company; and (ii) approved qualifications for the public fund manager. Once the CSRC approves the establishment of a fund management company, the applicant should go to the State Administration for Industry and Commerce to complete company registration procedures with a receipt of the approval document. If an asset management company (AMC) applies to engage in fund management business, it must submit application materials to the CSRC. The CSRC will review the application in accordance with relevant laws and regulations. If the application is approved, the CSRC will issue a Fund Management Qualification Certificate to the applicant .

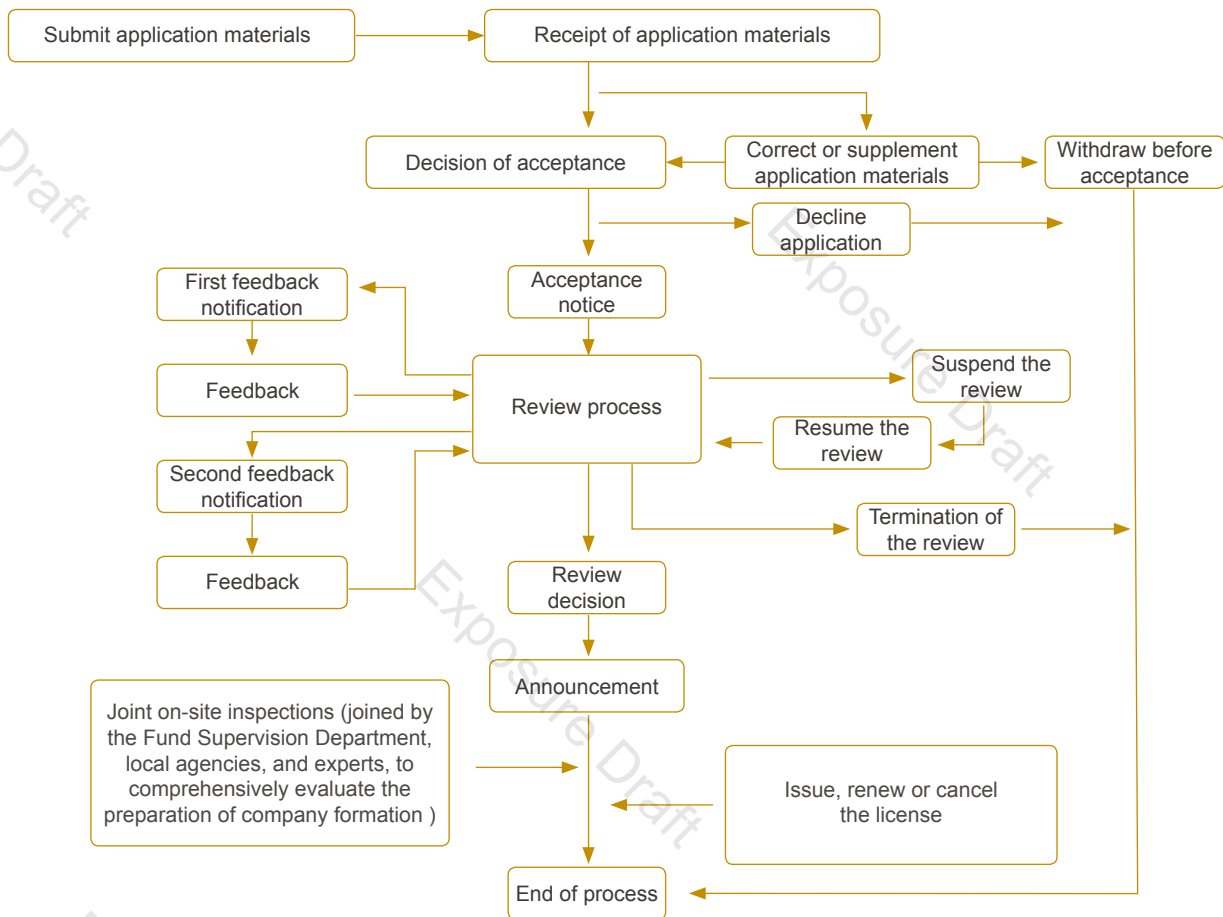


figure 3 The establishment process of public fund managers

(2)Registration of Public Funds

According to Article 50 and Article 54 of the Securities Investment Fund Law (amended in 2015), public funds must be registered with the CSRC. The CSRC will determine whether the registration will be approved. The fund manager must raise the first fund within six months after receiving the approval.

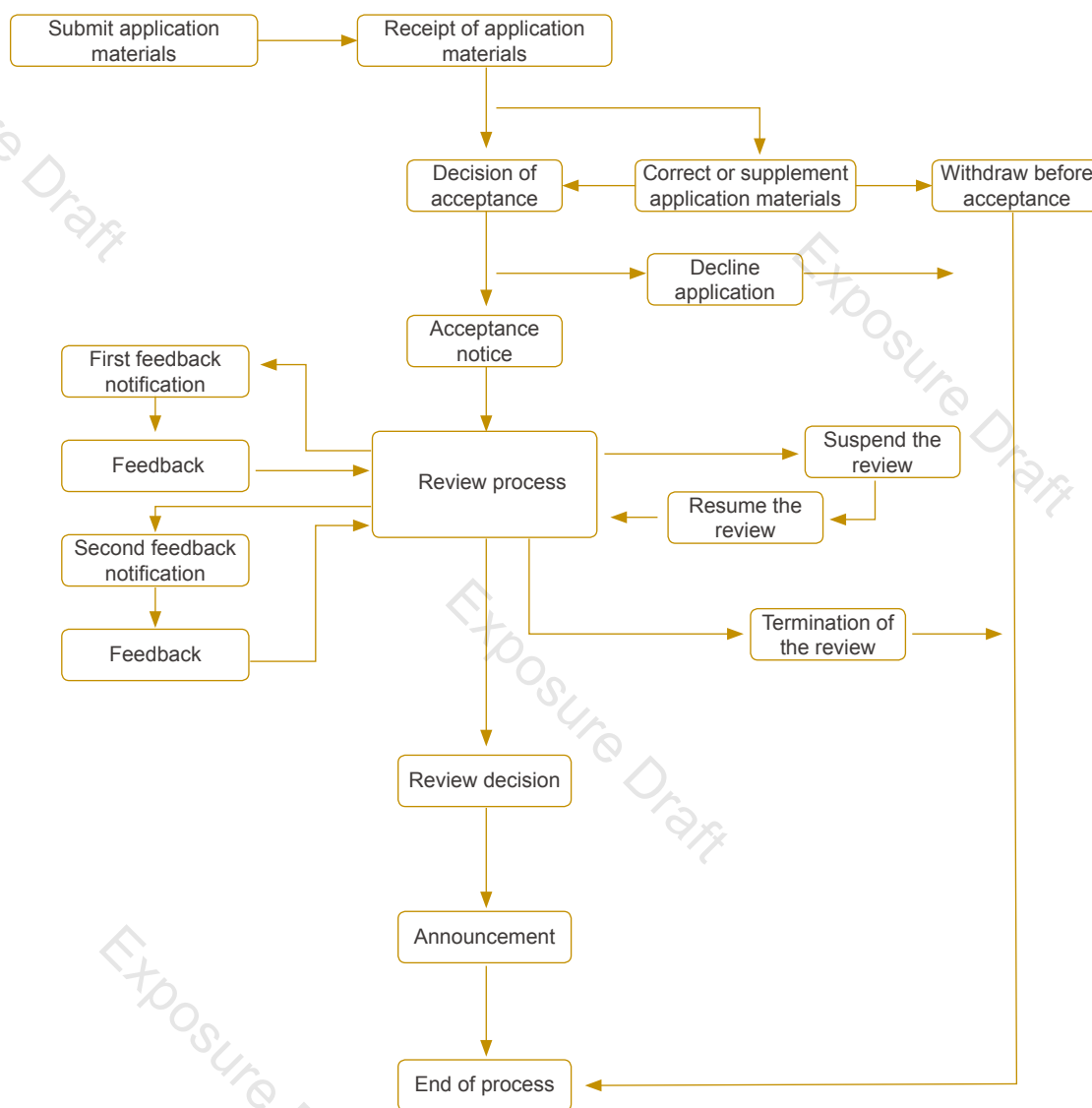


Figure 4 public fund registration process

2. Private equity asset management by securities and futures operating institutions

(1) Application for qualification of private equity asset management

- 1.The institution's financial and risk control indicators such as net assets and net capital are in compliance with laws, administrative regulations, and rules of the CSRC;
- 2.Has a sound corporate governance structure, comprehensive internal control, compliance management, and risk management systems;
- 3.Has qualified senior management and at least three investment managers;
- 4.Has an investment research department and at least three full-time investment researchers;
- 5.Has business premises, security protection facilities, and an information technology system that meet legal requirements;
- 6.Did not receive any administrative or criminal penalty for major violations of laws and regulations in the last two years, nor any administrative regulatory measures by administrative authorities for major violations of laws and regulations in the last year, and it is not being investigated by competent authorities for alleged major violations of laws and regulations; and
- 7.Fulfills other requirements stipulated by the CSRC based on the principle of prudent supervision.

(2) Record-filing of private equity asset management products

A securities and futures operating institution must submit the asset management agreement, list of investors and subscribed amounts, the capital verification report or the asset contribution evidence and other materials to the AMAC for filing, and send copies to relevant local offices of the CSRC, within five working days from the establishment of the asset management scheme.

3.Private Investment Funds

According to the Interim Measures for the Supervision and Administration of Private Investment Funds and the classification of fund types and other self-regulatory rules of the Asset Management Association of China, private investment funds are divided into private securities investment funds, private equity investment funds, venture capital funds, as well as other private equity investment funds and private equity asset allocation funds.

(1) Registration of private investment funds

Private funds and fund managers can refer to the following process to be registered in Beijing:

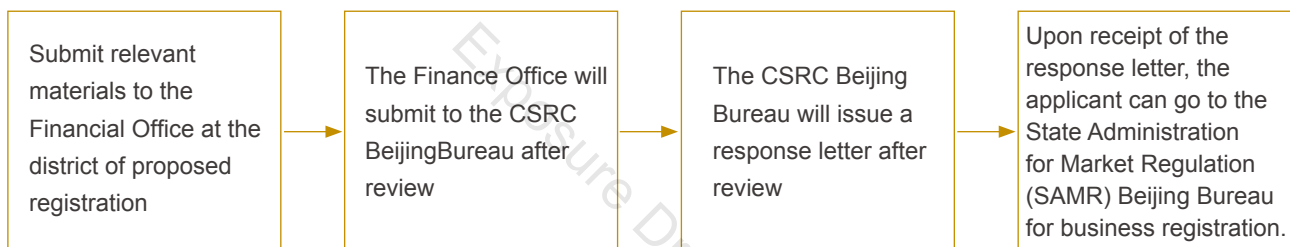


figure 5 Process for registration of private investment funds in Beijing

(2) Registration and record-filing for private investment fund managers

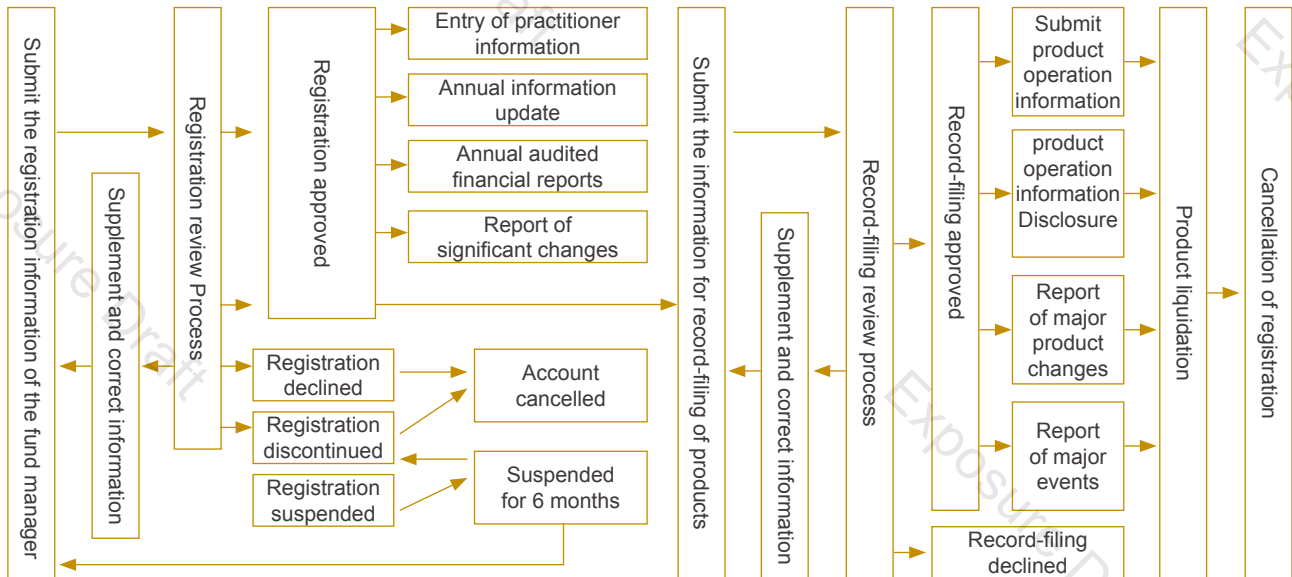


figure -6 Registration process of private investment fund managers

A private investment fund manager must record the first product within 6 months after its registration. Within 20 working days after completion of private fund-raising, the private investment fund manager must submit for record-filing relevant private fund products.

4. Qualified Domestic Limited Partner (QDLP)

The Beijing Local Financial Supervision and Administration Bureau launched a pilot project for qualified domestic limited partners (QDLP) for overseas investments in 2020, which has already attracted multiple foreign institutions. This pilot project is marked by four major innovations: first, the process is the simplest, with a one-time review process involving all relevant departments. The pre-approval company registration can be handled simultaneously. During the COVID-19 pandemic, it took only five working days (March 2 – March 6) for an application by Oaktree Capital to be approved; second, there is no quota. The investment quota for QDLPs in Beijing is accepted according to market demands and will be determined with caution by relevant authorities. The quota can be reused once used up; third, QDLPs can raise funds from both institutional investors and individual investors; fourth, QDLPs are allowed to invest in both public markets and private markets. In the first quarter of 2020, fifteen institutions, including Oaktree Capital, expressed their intentions to participate in the pilot project of QDLPs in Beijing, and they have requested an investment quota in the amount of nearly US \$2 billion.



figure 7. Application process for pilot QDLP in Beijing (for reference only)

5. Trust

(1) Domestic trust companies

As of April 2020, there are 68 trust companies in China. The China Banking and Insurance Regulatory Commission (CBIRC) no longer issues new licenses for trust companies, such licenses can only be obtained through mergers and acquisitions. There are currently seven foreign invested trust companies. In 2015, the CBIRC lifted the 20% cap on shares held by foreign financial institutions in domestic trust companies. On April 14, 2020, the CBIRC asked for public consultation for abolishing the requirement under which foreign financial institutions must have a total asset of US \$ 1 billion in order to qualify to invest in domestic trust companies.

(2) Establishment of trust products

A trust company must register its products before conducting its trust business. The China Trust Registration Co., Ltd (the "Registration Company") provides services such as trust product registration, trust beneficiary rights account management, collection or report of information, and public announcement of Assembled funds trust plans.

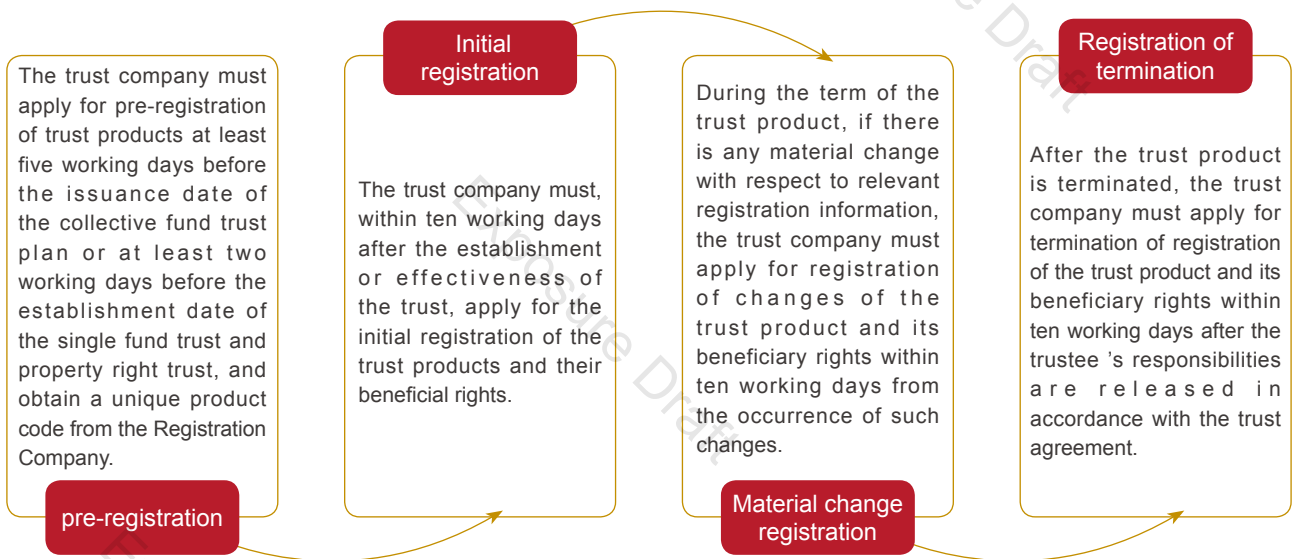


Figure 8 Registration process of trust products

6. Insurance Asset Management

(1) Establishment of an insurance asset management company

Insurance companies may establish insurance asset management companies with the approval of the CBIRC. Application requirements for the establishment of an insurance asset management company include: minimum paid-in capital of RMB100 million, shareholder structure, business scope, and personnel requirements. The CBIRC will issue a written decision on whether to approve the application within 3 months from the date when the application materials are accepted.

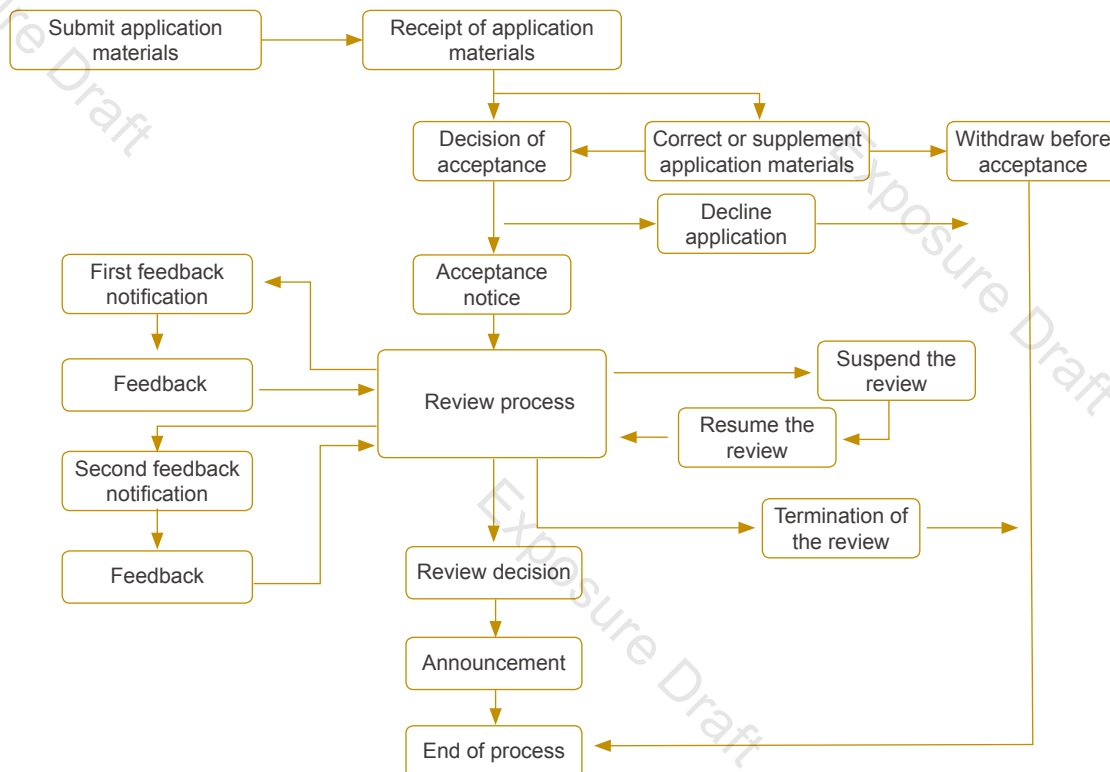


Figure 9 Process for insurance asset management companies

(2) Insurance Asset Management Products

The Interim Measures for the Management of Insurance Asset Management Products were released by the CBIRC on March 25, 2020, and will be implemented on May 1, 2020. The existing insurance asset management products include debt investment plans, equity investment plans, portfolio products and other products specified by the CBIRC. The regulatory requirements for these three types of products are now unified. Insurance asset management products must be registered with institutions approved by the CBIRC. Currently, the issuance of debt investment plans and equity investment plans follow a registration-based system, and the China Insurance Asset Management Association is responsible for management of registration.

7. Establishment of a Wealth Management Subsidiary of the Commercial Bank by Foreign Commercial Banks

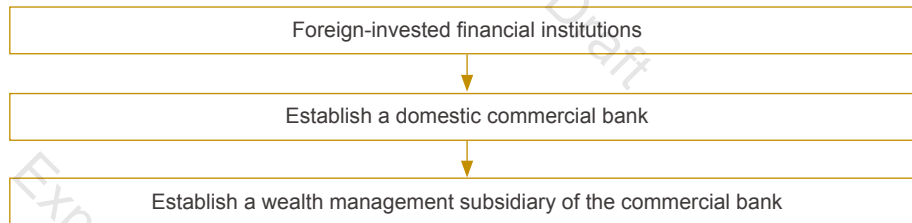


Figure 10 Path for foreign institutions to set up a wealth management subsidiary of the commercial bank in China

8. Establishment of a Wealth Management Subsidiary of the Commercial Bank by both Foreign-invested Financial institutions and Domestic Financial institutions



Figure 11 Path for Foreign-invested Financial institutions and Domestic Financial institutions cooperate to set up a wealth management subsidiary of the commercial bank in China

9. Participation in Establishment of Wealth Management Company by Foreign asset management institutions



Figure 12 Path for Foreign Asset Management Institutions Participate in the Establishment of Wealth Management Companies

10. Asset Management Company (AMC)

For a foreign financial institution to become a sponsor of an AMC, it must meet the following requirements:

- a. Its total assets as of the end of the immediately preceding fiscal year must, in principle, be no less than US\$10 billion or the equivalent of a freely convertible currency.
- b. Its long-term credit rating for the immediately preceding two years is good.
- c. Its financial condition is good, and it has been continuously profitable for the last two fiscal years.
- d. Its capital adequacy ratio must exceed the average ratio of the banking industry in its place of registration and must be no less than 10.5%; the total capital of non-bank financial institutions must be no less than 10% of the total risk-weighted assets.
- e. Its internal control systems are sound and effective.
- f. The supervision and administration system of financial institutions of its place of registration is sound.
- g. The economic condition of its country or region is sound.
- h. It is only allowed to use its own capital to contribute into the AMC. Funds other than its own capital, such as entrusted funds or loans are not allowed to contribute into the AMC.
- i. The aggregate of equity investment must not exceed 50% of its net assets (including the amount of this investment).
- j. Other prudential requirements as stipulated by the CBIRC.

The CBIRC is responsible for the review and approval of the investment.

11. Asset-investment Company (AIC)

(1) Establishment of Asset-investment Company

According to Article 13 of the Administrative Measures for Financial Asset Investment Companies, the preparation documents for establishing a financial asset investment company shall be submitted by the commercial bank as the main shareholder to the banking supervision and administration institution of the State Council. The banking supervision and administration institution is responsible for the review and approval of the investment.

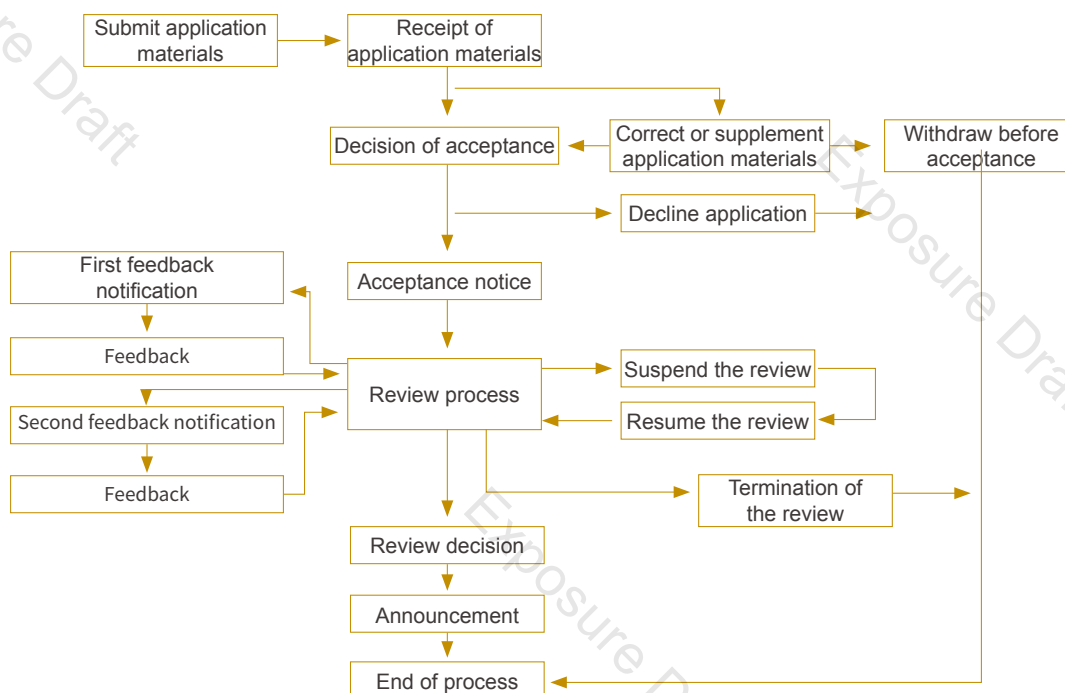
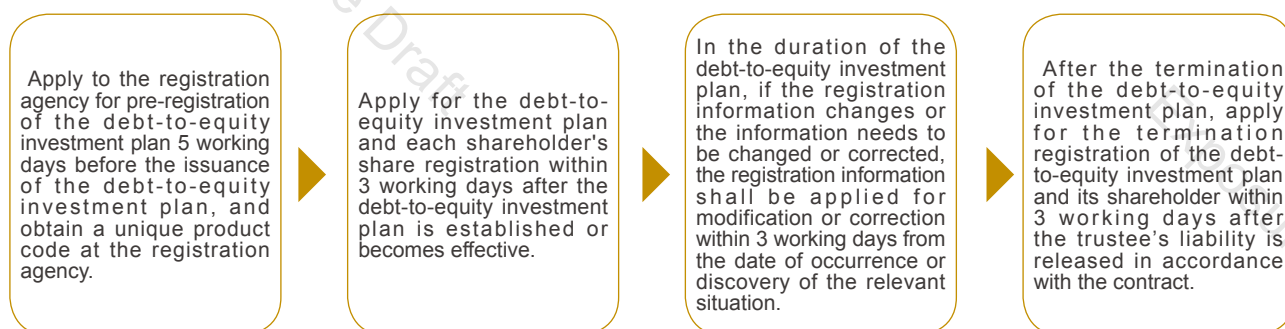


Figure 12 AIC registration process

(2) Issuance Procedure of AIC Asset Management Product

According to the Notice on Matters Related to the Asset Management Business of Financial Asset Investment Companies and Basic Requirements for Debt-to-Equity Investment Plan Registration, the debt-to-equity investment plan shall be registered in the banking financial management registration and custody center. Without registration, the debt-to-equity investment plans shall not be issued. The specific registration process is as follows:



IV .Tax Policies on Asset Management

The tax system in China is in a process of continuous development. Enterprises that are incorporated in China are subject to corporate income tax (CIT), value-added tax (VAT), and stamp duty. In addition, enterprises holding any real estate may also be subject to the land use tax, property tax, and land value appreciation tax. For foreign-invested asset management institutions, the major types of taxes that apply include CIT, VAT, and individual income tax(IIT).

1.CIT

Scope of Taxation	<p>According to the relevant laws and regulations regarding CIT in China, a Chinese tax resident enterprise is subject to CIT for its income generated both in and outside China.</p> <p>Taxable income for calculating CIT mainly consists of the balance derived from an enterprise's total revenue in each tax year after subtracting various deductions and permitted offsets of losses from the previous year(s).</p> <p>The above-mentioned enterprises generally apply to limited liability companies. For partnership enterprises, CIT does not apply; the enterprise's production and operation income and other income are distributed on the principle of "tax after distribution", and each partner is the taxpayer. If the partner is a corporation, CIT shall be paid. If the partner is a natural person, IIT shall be paid.</p>
Tax Rate	<p>The above taxable income is subject to a 25% CIT.</p>
Preferential Tax Treatment	<p>For the asset management industry, China's tax laws and regulations stipulate a series of tax benefits. CIT is not imposed, for the time being, upon the revenue obtained by securities investment funds from the securities market, including the investment gains derived from stock and bond trading, equity investment dividends and bonuses, and bond investment interest and other revenues; the revenue obtained by securities investment fund managers from trading of stocks and bonds using funds; and revenue obtained by investors from the distribution of securities investment funds. The securities investment funds in this paragraph mainly refer to the public securities investment funds.</p>
Filing Requirements	<p>CIT is calculated based on calendar years. Enterprises shall file tax returns and complete final settlement with the tax authority within 5 months after the end of a calendar year. In addition, enterprises are generally required to prepay CIT on a quarterly basis and file tax returns with the tax authority for prepayment within 15 days after the end of each period.</p>

2.VAT

<p>Scope of Taxation</p>	<p>The financial industry also falls under China's VAT system. The revenue generated from providing loan services, direct-charge financial services, insurance services and transfers of financial commodities are all subject to VAT. Therefore, foreign-invested enterprises that engage in asset management are also required to pay VAT on their operating revenue.</p> <p>According to the relevant laws and regulations regarding VAT, VAT taxpayers are classified into general taxpayers and small-scale taxpayers. The amount of VAT payable by general taxpayers is calculated as follows:</p> <p>The amount of VAT payable = sales amount * VAT tax rate - input tax</p> <p>The input tax refers to the amount of VAT paid by the taxpayer when purchasing taxable goods, labor and services that are subject to VAT.</p> <p>The amount of VAT payable by small-scale taxpayers is calculated as follows:</p> <p>The amount of VAT payable = sales amount * VAT collection rate</p> <p>Institutions engaged in equity investment, including equity investment with limited partnerships should pay relevant VAT on the received taxable income based on their VAT taxpayer identities (i.e., general or small-scale taxpayer). At the same time, if revenue from equity transfers and dividend income are received during the holding period, these incomes are generally non-taxable VAT income, and thus in most cases no VAT is required.</p> <p>Asset management institutions engaged in secondary market of the securities investment should divide their business into asset management product operations and other businesses, and then apply different VAT treatments as follow:</p> <ul style="list-style-type: none"> -For the asset management product operations business of asset management product managers, the simplified VAT collection method applies at the rate of 3%. The asset management products specified in relevant regulations include public securities investment funds, private investment funds and others, and the taxable revenue mainly consists of revenue from loan services and from transfers of financial commodities. -For other businesses of asset management product managers, if the manager is a general taxpayer, the output tax shall be calculated at the rate of 6% and input tax could be credited. "Other businesses" generally refer to direct-charge financial services, and the related taxable revenue refers to management fees, advisory service fees, etc.
<p>Tax Rate</p>	<p>For general taxpayers, the VAT tax rate varies based on the types of revenue, and the rate of 6% is generally applied to the financial industry. For small-scale taxpayers, the VAT rate is 3%.</p>
<p>Preferential Tax Treatment</p>	<p>For the asset management industry, preferential tax treatment is applicable to certain investment targets. For example, tax-exempt treatment may apply to interests derived from investments in treasury bonds, local government debts, and inter-financial institution transactions. Tax-exempt treatment also applies to revenue from transfers of financial commodities that is obtained by securities investment funds through trading of stocks and bonds. Securities investment funds in this paragraph mainly refer to public securities investment funds.</p>
<p>Filing Requirements</p>	<p>Under the current VAT system, except in certain industries (such as banking and trust companies), general taxpayers are required to file tax returns on a monthly basis, and small-scale taxpayers are required to file tax returns on a quarterly basis. Taxpayers are generally required to file tax returns with the tax authority for VAT payment within 15 days after the end of each tax period.</p>

3.IIT

In addition to the above corporate taxes, foreign-invested asset management enterprises should also pay attention to IIT, as it is not only related to the company's compliance obligations, but more importantly, is closely related to the interests of employees and senior management. Foreign-invested asset management enterprises should pay attention to the following aspects regarding IIT.

Scope of Taxation	<p>An individual who has a domicile in China, or an individual without a domicile in China but have resided in China for 183 days or more cumulatively within a tax year, shall be deemed as a resident individual. Income derived by resident individuals from China and overseas shall be subject to IIT. For a resident individual who does not have a domicile in China and has resided in China for less than six consecutive years, his/her foreign-sourced income paid by an overseas organization or individual shall, upon filing with the tax authority in charge, be exempted from IIT; where he/she leaves China for more than 30 days consecutively in any year in which he/she resides in China for 183 days or more cumulatively, the computation of consecutive number of years for which he/she resides in China for 183 days or more cumulatively shall restart.</p> <p>The taxable income amount shall be the balance less the expense of RMB60,000, special deductions, and the special additional deductions from the annual income of resident individuals in each tax year. Special deductions shall include basic pension insurance, basic medical insurance, unemployment insurance and other social security premiums, as well as housing provident fund etc., contributed by resident individuals; special additional deductions shall include expenses towards children education, continuing education, major illness medical treatment, housing loan interest or housing rent, and support for elderly family members.</p> <p>An individual who does not have a domicile in China and has resided in China for less than 183 days cumulatively within a tax year shall be deemed as a non-resident individual. Income derived by non-resident individuals from China shall be subject to IIT pursuant to the provisions of this Law.</p>
Tax Rate	<p>Consolidated income (Including income such as wages and salaries) shall be taxed at progressive rates ranging from 3% to 45%.</p> <p>Income from interest, dividends and bonuses, income from lease of property, income from transfer of property and contingent income shall be subject to a proportional tax rate at 20%.</p>
Preferential Tax Treatment	<p>For a portion of income, the tax law provides exemptions, such as interest income on treasury bonds and other financial debentures issued by the government, insurance claims, welfare benefits, pension and relief funds.</p> <p>In addition, between January 1, 2019 and December 31, 2021, foreigners who are classified as tax residents of China may elect to enjoy either the special expense additional deductions for IIT, or the tax exemptions for housing allowance, language training fees, children's education fees, and other allowances and subsidies as listed below (they may not enjoy both the special expense deductions and the tax exemptions at the same time):</p> <ol style="list-style-type: none"> 1) Reasonable housing allowance, meal allowance and laundry fee allowance provided to foreign individuals in non-cash form or on an at-cost basis are exempt from IIT. 2) Relocation income provided to foreign individuals on an at-cost basis and in relation to taking or leaving office in China is exempt from IIT. 3) Domestic and overseas travel allowance provided to foreign individuals based on a reasonable standard is exempt from IIT 4) Fare for home trips provided to foreign individuals is exempt from IIT. 5) Allowances for language training and children's education provided to foreign individuals are exempt from IIT. <p>Once made, foreign individuals may not change their selection during the relevant tax year.</p>
Filing Requirements	<p>Taxpayers obliged to pay IIT are the individuals and withholding agents are the organizations or individuals who will pay such income.</p> <p>Individuals deriving consolidated income shall compute IIT on a yearly basis; where there is a withholding agent, the withholding agent shall withhold and prepay tax on a monthly basis or based on each income item; where there is a need for final filing, the taxpayer shall complete the filing during the period from 1 March to 30 June in the following year after obtaining the income.</p>

4. Common Reporting Standard

In addition to the above tax compliance obligations, asset management institutions in China must also fulfill the compliance obligations related to the Common Reporting Standard (CRS). On July 1, 2017, China officially implemented the compliance requirements of the CRS and promulgated relevant regulations. The regulations stipulate obligations for financial institutions in China regarding information reporting under CRS, including due diligence and annual reporting.

In addition, in order to promote the exchange of financial information between China and the United States, China and the US reached a preliminary agreement in 2014 regarding their intent to enter into the Model 1 IGA for the Foreign Account Tax Compliance Act (FATCA). However, China has not yet officially implemented the terms of this Act. Therefore, asset management institutions within China are not obligated to comply with FATCA compliance. Related asset management institutions may determine whether to carry out FATCA compliance work based on their own internal requirements.

V. Frequently Asked Questions

Q1. What core advantages and characteristics does Beijing provide for foreign asset managers?

Beijing's core strengths and characteristics are mainly concentrated in the following four aspects:

1) High concentration of key institutional headquarters

The headquarters of China's three major policy banks, four major state-owned commercial banks, and three major insurance companies are all in Beijing. In addition, Beijing has more than 700 licensed legal person financial institutions. This gives Beijing unique advantages for foreign asset managers to conduct business in China in the future and establish cooperation with domestic financial institutions.

2) Proximity to regulatory bodies

The State Council Financial Stability Development Committee, the People's Bank of China, China Banking and Insurance Regulatory Commission, and China Securities Regulatory Commission and other national financial regulatory agencies are all based in Beijing. All of China's macroeconomic and financial decisions are issued here, affecting China and the world.

3) Presence of international financial organizations

Numerous international financial organizations including the Asian Infrastructure Investment Bank, Silk Road Fund, and the Asian Financial Cooperation Association have been established in Beijing. With success of the Asia-Pacific Economic Cooperation Leaders' Summit and the Belt and Road Forum for International Cooperation in Beijing, the city has become a center of financial cooperation under the Belt and Road Initiative. This has also created an important platform for foreign asset managers to unleash their potential as professional organizations with an international outlook.

4) Key center of securities market

Beijing has the third national stock exchange after Shanghai and Shenzhen, the National Equities Exchange and Quotations (The New Third Board), and has also established the Beijing Equity Exchange Center (The New Fourth Board) and inter-institutional private equity product quotation and service system (The Fifth Board), all three are important components of China's multi-level capital market. Beijing is China's largest bond pricing and issuance center, and is also the location of enterprise bond, corporate bond, inter-bank dealer association debt financing instruments, asset securitization products, and other bond issuance supervision and registration institutions.

Q2. What are some examples of international asset management organizations that have successfully established a presence in Beijing?

On April 1, 2020, China officially lifted restrictions on the proportion of foreign shares held by securities companies and fund management companies, moving ahead a timeline originally scheduled for December 2020. Numerous foreign-owned financial institutions have recently settled in Beijing, with asset management institutions including private equity management companies accounting for a considerable proportion. Specific examples include:

Oaktree Capital Management, a leading global alternative investment management company, established OAKTREE (Beijing) Investment Management Co. in Beijing in February 2020. This was the first financial organization registered in China with an English name after the passage of the Foreign Investment Law of the People's Republic of China on January 1, 2020.

In March 2020, CITIC Prudential Asset Management Company, a joint venture insurance asset management company established by Prudential Group, the UK's largest life insurance company, was registered in Beijing.

In March 2020, after approval by the China Securities Regulatory Commission, Goldman Sachs' shares in Goldman Sachs Gaohua Securities Co. Ltd increased from 33% to 51%.

In 2019, the well-known French financial institution Amundi established Amundi Pioneers (Beijing) Co., Ltd.

These examples not only highlight the huge market opportunities that China's asset management industry provides for international financial institutions and investors, but also reflects the huge potential of Beijing's asset management industry as the most active sector in China's continued opening of its financial industry to the world.

Q3. What specific cross-border projects does Beijing support for foreign institutions?

Beijing supports foreign institutions to engage in cross-border business on the following five levels:

Supporting qualified institutions to invest in domestic market stocks, bonds, public funds and stock index futures through Qualified Foreign Institutional Investor (QFII) or RMB Qualified Foreign Institutional Investor (RQFII) projects

Supporting qualified institutions in Beijing to carry out pilot projects of Qualified Domestic Limited Partners (QDLP) for overseas investment, allowing qualified institutions to raise RMB funds from qualified investors, and invest the raised funds in overseas markets

Supporting qualified institutions to apply for Qualified Domestic Institutional Investor (QDII) and RMB Qualified Domestic Institutional Investor (RQDII) business qualifications to pursue investment quotas

Extending the scope of the qualifications of domestic institutional investors to investment management institutions launched by domestic and foreign institutions in Beijing, including domestic securities companies, fund management companies and futures companies.

Exploring pilot cross-border transfers of non-performing assets in Beijing based on qualified trading venues

Q4. As China continues to open its financial industry, what specific plans does Beijing have for the market entry of foreign asset managers?

Specific measures related to the asset management industry include:

Supporting the establishment of local joint-venture asset managers in Beijing;

Promoting the relaxation of market access restrictions for securities financial institutions and supporting the establishment of new foreign-controlled securities companies, wholly foreign-owned or joint venture asset managers in Beijing

Supporting the rapid implementation of policies on the limitation of the proportion of foreign-owned shares of fund managers and futures company.

Q5. What specific support are provided to foreign asset managers intending to register in Beijing?

Beijing provides assistance to foreign asset managers interested in registering in the city in three ways:

1) Establishing a service assistant system for foreign financial institutions

Beijing currently provides assistant services for several key financial institutions. Each institution is assigned a service assistant, serving the institution's needs in registration and development in Beijing. In the future a full-time service assistant will be provided to newly-established foreign financial institutions to respond to corporate demands at any time.

2) Establish a fast track for the registration of foreign financial institutions

Beijing will include newly-established foreign-owned financial institutions in the "white-list" based on the Eleven Policies (the eleven policies for further opening the financial industry announced by the State Council's Financial Stability and Development Commission Office on July 20, 2019), and establish a fast track to optimize the process and achieve rapid registration.

According to the World Bank's Doing Business report, opening a business in Beijing can be completed within 5 business days. After the foreign-owned financial institution obtains the approval from the regulatory authority, relevant agencies in Beijing will support the registration of the institution in Beijing as soon as possible.

3) Promote a fast track for foreign talent acquisition

Beijing has introduced new policies in response to the needs of foreign institutions for talent acquisition, including the establishment of a fast track to coordinate and facilitate the entry and exit of foreign high-level financial talent to China. Foreign high-level talent in key service industries such as the finance industry are eligible to receive a working permit for a maximum of five years.

VI、 Relevant Government Departments and Organizations

Afterword

As the center of China's financial management and a key financial hub, Beijing has a long history in the finance industry, having been home to the first central bank in Chinese history. After years of development, Beijing's financial industry has formed a diversified and comprehensive institution system, a multi-level market system and a multi-dimensional financial service system. Today, many indicators of Beijing's financial industry rank first in China, including the size of assets, number of financial institutions, tax contribution, total share capital and total market value of listed companies, and size of financial talent.

In order to assist overseas investment management institutions in better understanding China and Beijing's financial environment and favorable policies, the Asset Management Association of China, Beijing Asset Managing Association, Beijing Private Equity Association, and CFA Institute jointly compiled The Guidebook for Overseas Asset Management Institutions to Invest in Beijing. This Guidebook aims to help overseas asset management institutions to set up a presence and conduct business in Beijing, by assisting in preparation for the establishment of institutions and the pre-investigation of product filing, understanding preferential tax policies as well as Beijing's financial market system and business environment.

With the supervision and support of the Beijing Local Financial Supervision and Administration, Operations Office (Beijing) of the People's Bank of China, Beijing Bureau of the China Banking and Insurance Regulatory Commission, Beijing Bureau of the China Securities Regulatory Commission, this Guidebook was jointly compiled by the School of Finance of CUEB (Capital University of Economics and Business), Jincheng Tongda & Neal (JT&N), Fangda Partners, Grandall Law Firm, Simmons & Simmons, KPMG, European monetary institutional investor. We would like to extend our special thanks to the above institutions.

Due to the limited time available for preparation, this Guidebook has been released with room for further improvement. Your valuable advice and suggestions are greatly appreciated. We strive to continuously commit our efforts to improve and enrich this Guidebook on a regular basis.

For subsequent updates, please refer to the link: <http://>

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Beijing Private Equity Association

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