

君合专题研究报告



2019年11月5日

外资资管掀开在华新篇章

中国金融市场进一步开放为外资资管机构带来前所未有的机遇。相比银行和保险业开放由于种种原因未引起外资的广泛兴趣，近几年不断推出的资管行业开放政策及众多外资资管机构在政策鼓舞下挺进中国市场的不懈努力颇为引人瞩目。本文旨在简要介绍近期与外资资管机构有关的市场准入、跨境交易和服务政策并讨论在华外资资管机构面临的机遇和挑战。

一. 市场准入

(一) FMC 牌照

自 1998 年到 2016 年间，共有 44 家合资证券投资基金公司（简称“FMC”）获批¹，除恒生控股的 FMC 外，均为外资占小股。大型外资资管机构一直渴望拥有全资或控股的 FMC 牌照，但苦于政策限制而迟迟不能如愿。2018 年 4 月 28 日，中国证券监督管理委员会（简称“证监会”）宣布开始接受增持至 51% 或新设外资控股 FMC 的申请，并计划于 2021 年允许设立外商全资的 FMC。今年 7 月，李克强总理在第十三届夏季达沃斯论坛上宣布将外资全资控股 FMC 的落实时间由 2021 年提前至 2020 年。由于该计划的提前，某些在与合资 FMC 中方股东增持股权谈判中进展缓慢的外资资管机构甚至也开始考虑新设全资控股的 FMC，以作为增持现有合资 FMC 股权至 51% 的备选方案。由于距离证监会开始受理全资控股 FMC 申请已经剩下不多时间，有意愿的外资资管机构正在加快其全资控股 FMC 的筹备工作。

在申请新设 FMC 时，外资资管机构大多会在申请从事面向零售客户的公募证券投资基金管理牌照的同时申请面向机构和高净值个人的专户业务（即私募资产管理业务）。从长远看，服务境内社保基金、养老金、企业年金、保险资金等机构投资者亦是外资设立 FMC 的主要目标。

在外资设立全资 FMC 的过程中，主要的挑战来自以下两个方面：一是运营方面，既要满足监管的要求，保证子公司的独立运营，又要最大程度获得和利用境外集团公司的资源，引入资管业务的全球最佳实践，包括投资管理和风控系统的支持、IT 服务和支持等；二是业务拓展方面，例如如何与本土 FMC 开展差异化竞争，如何进一步扩大服务机构投资者的范围等。

(二) 银保监会资管业务新牌照

除证监会监管的 FMC 外，中国银行和保险监督管理委员会（简称“银保监会”）也在鼓励其监管的资管机构与外资进行合资或合作。今年 7 月 20 日，国务院金融稳定发展委员会办公室宣布 11 项金融业进一步对外开放政策措施，有三项属于受银保监会监管的准入模式：(1) 境外金融机构入股商业银行理财子公司；(2) 境外资产管理机构与中资银行或保险公司的子公司合资设立由外方控股的理财公司；(3) 境外金融机构设立或参股养老金管理公司。但上述三项政策的实际操作性目前尚不明朗。

对于上述第(1)和(2)项政策，实际操作性包括商业上的考量，例如，商业银行是否有意愿在其理财子公司中引入外资股东；银行理财子公司或保险资管公司与外资机构下设合资孙公司的情况下，该合资孙公司如何获得其母公司的支持并形成业务的

¹ 证监会：外资参股基金管理公司一览表(2019年4月) http://www.csrc.gov.cn/pub/newsite/gjb/sczr/wzcgjiglsylb/201906/t20190628_358351.html

错位发展。

而第(3)项政策亦引起不少外资资管机构的强烈兴趣，外资机构普遍期待有机会通过这一政策尽快获得管理养老金的资格。正如银保监会在答记者问中指出，国内养老金管理公司还处于试点阶段，对外资的开放也仅限于个案审批的试点。总体而言，我们认为，相比较为成熟的 FMC 牌照，上述银保监会相关的外资准入模式可能还处于早期阶段，外资资管机构尚需搜集信息以进一步探讨其实际可行性。

(三) 私募牌照

中国将资管业务分为公开募集和非公开募集。非公开募集又分为持牌金融机构从事的非公开募集业务和非持牌机构从事的非公开募集业务，后者就是通常所说的私募基金管理业务。而私募基金管理人又分为：(1)针对二级市场交易(如股票、证券、衍生品等上市品种)投资的证券类私募基金管理人；(2)针对一级市场(如未上市股权)的股权类私募基金管理人，和(3)除上述两类之外的其他类私募基金管理人。业内通常所指的外资私募落地政策仅指外商独资或合资的证券类私募基金管理人，而 QDLP² 则被归类为其他类私募基金管理人。

1、 证券类私募基金管理人

不同于 FMC 可以面向公众进行公开募集资金并发行公募基金，证券类私募基金管理人只能面向不超过 200 人的合格投资者进行募集。严格来说，私募基金管理人并不属于持牌金融机构，其设立不适用行政许可，而是由自律监管组织进行登记，登记后可进行非公开的资金募集并负责基金的投资和管理。相比对 FMC 的严格监管，对私募基金行业的监管相对宽松和灵活。经过过去几年爆发式的

增长，私募机构数量众多但良莠不齐。截至 2019 年 6 月底，境内已登记私募证券投资基金管理人 8875 家，资产管理规模集中在数量非常少的头部管理人。³

2016 年 6 月，中国出台外资私募(WFOE PFM)政策，允许外资全资设立机构非公开募集资金并投资于境内股票、债券、衍生品市场。迥异于自然生长的“草根”式内资私募，外资私募政策作为第八轮中美战略与经济对话和两次中英经济财金对话政策成果之一，有着完全不同的出台背景。过去三年已经获批的外资私募机构显示出该团体的“高贵”出身：根据中国证券投资基金业协会(简称“中基协”)的公示信息，截止 2019 年 8 月 22 日，已经批准登记的 21 家外资私募均由国际知名资管机构设立。⁴

由此亦可看出，目前登记的外资私募基金管理人基本可以分为海外大型公募基金和海外大型对冲基金两类。前者设立外资私募大多为了在获得全资 FMC 牌照前积累本土交易经验并拓展本土业绩，节省进入中国公募基金市场所花费的时间；后者则多专注于发展适合中国市场并能产生良好业绩的产品和策略，且可能暂时不会考虑申请 FMC 牌照。无论是哪一类，外资私募均呈现出产品多样化的趋势。截至 2019 年 8 月 22 日，已发行产品的 21 家管理人共发行了 51 只产品。几乎所有机构都选择运营外包，在销售渠道上绝大多数选择代销而不是直销，以节省人力成本投入。已登记的 21 家中，员工人数从 3 到 28 名不等，其中，10 名以下的有 8 家，10 到 15 名的有 4 家，15 名以上的有 9 家。

外资私募落地数量以及产品发行方面虽然有很大进展，但普遍面临以下实际困难：一是法规限制多层嵌套，原来私募行业盛行的包一只产品一对一投入私募的产品结构难以为继；二是外资私募可

² QDLP: 即合格境内有限合伙人(Qualified Domestic Limited Partner)制度，是一项地方试点政策，该项政策首先在上海运行。在上海 QDLP 政策下，合格的境外机构可以通过在上海设立海外基金投资管理公司并发行私募基金的方式，在中国境内向合格投资者非公开地募集资金，投资于境外一级、二级市场。不同地区的试点政策有所不同。

³ <http://www.amac.org.cn/tjsj/xysj/smdjbaqk/394156.shtml>

⁴ 见附件一：境内 21 家外资私募名录及产品一览

以合作的机构投资者范围比较少，由于缺乏业绩记录，即使允许外资私募与银行理财子公司合作，也难以以上这类机构投资者的白名单；三是自身培养投资团队需要比较长的时间，但如外资资管机构计划并购本土私募团队，又缺乏合适的并购标的。

除非是对中国市场有长期资源投入的承诺，或在产品策略方面拥有与本土机构竞争的实力，上述困难可能导致某些外资资管机构在决定是否落地外资私募时止步不前。尽管如此，以下因素可能会促使外资资管机构决定设立外资私募：一是计划培养本土的投资团队并积累业绩经验，等待机会以服务本土和海外机构投资者；二是将投入外资私募的资源与 QDLP 试点等在境内募资计划一同考虑，以节省成本，实现协同效应。

综上所述，尽管外资机构明年就可以直接申请设立 FMC，考虑到私募相对公募而言较宽松的监管环境，且私募和公募一样可以服务境内外机构投资者，预计接下去几年外资资管机构申请设立外资私募的数量仍会稳步上升，不会受到外资 FMC 牌照的影响。对于将申请全资 FMC 牌照的外资私募，我们认为很可能将参照国内现有的私募转公募做法，即 FMC 将完全承接 WFOE PFM 的证券类私募基金管理业务，避免因业务重叠而产生利益冲突。

2、 股权类私募基金管理人

外资设立股权类私募基金管理人并无法律上的障碍。和内资设立一样，外商投资的股权投资管理的企业名称和经营范围需要经过地方政府的严格审查。实践中，外资资管机构需要通过获得地方政府的试点(即 QFLP⁵试点)批准方可以外币资本出资设立合伙型私募股权基金。相比在境外募集美元基金直接通过外商直接投资(FDI)的方式投资，

QFLP 试点在外汇结汇便利以及投资范围上有一定的灵活性。自 2010 年上海率先发布 QFLP 试点政策以来，北京、天津、重庆、深圳、青岛、珠海、广州等地相继出台 QFLP 试点政策，推进当地外商投资股权投资类企业落地工作。随着中国政府在政策层面鼓励外资资金流入，QFLP 试点可能引起外资资管机构的更多关注。

3、 QDLP/QDIE

QDLP 和 QDIE⁶分别为上海和深圳地方政府主导的试点工作，旨在允许外资资管机构在批准的额度⁷内在境内以非公开方式募集资金并投资到海外市场。上海的 QDLP 试点受到国际知名外资资管机构的普遍追捧。从海外知名对冲基金到大型公募基金，上海通过批准 QDLP 试点已经吸引大量国际知名资管机构(见附表二 上海经批准设立的 QDLP 试点名单)落户，与外资私募在上海的积聚形成了良好的协同效应。根据中基协目前的政策，对于在上海成立的母子架构的外资私募和 QDLP(指外资私募是母公司，QDLP 是外资私募全资设立的子公司)，对 QDLP 的人员配置、注册资本金不作要求，并且可与外资私募在同一地址注册。

对于外资资管机构而言，同时启动外资私募和 QDLP 项目并共享相关资本、人员和办公场所有利于节省成本、增加可开展的业务范围，因此，早日启动机构落地并获得 QDLP 的资质和额度不啻为明智的选择。

值得注意的是，不论是 QDLP 还是 QDIE 都受到外汇额度的限制。国家外汇管理局(简称“外管局”)将根据国际收支状况、行业发展动态以及对外投资情况对 QDLP/QDIE 实行宏观审慎管理，稳

⁵ QFLP(Qualified Foreign Limited Partnership, 合格境外有限合伙人)是一个地方试点政策，一般而言是指符合条件的境外投资者经过当地政府部门的审批，通过在试点当地设立一个外商投资股权投资管理企业(即，QFLP 基金管理人)和一个外商投资股权投资企业(即，QFLP 基金)，以非公开方式向境内外投资者募集资金，以人民币在中国境内进行股权、债权投资(以各地 QFLP 政策允许的投资范围为准)。

⁶ QDIE: 即合格境内投资企业(Qualified Domestic Investment Enterprise)，为深圳市的地方试点政策，与 QDLP 类似，指合格的申请机构可以通过在深圳设立一个有限公司或合伙企业作为 QDIE 管理人，在中国境内非公开募资并投资于境外市场。

⁷ http://www.gov.cn/xinwen/2018-04/25/content_5285750.htm

步推进 QDLP 和 QDIE 试点工作。⁸ 中国人民银行副行长潘功胜在第十一届陆家嘴论坛(2019)上提出将实现 QDLP 试点在上海的常态化作为工作重点之一。⁹我们期待随着人民币币值的稳定,外管局能够逐步释放更多的额度,真正实现 QDLP 试点的常态化。

二. 跨境交易和服务

除市场准入政策外,中国政府不断出台便利跨境交易和服务的政策。

跨境交易方面主要是便利境外机构通过不同路径投资于中国的股票、债券和衍生品市场。目前的主要准入路径包括 QFII/RQFII¹⁰、债券市场直接准入、股票通、债券通、期货特定品种国际化等。值得关注的是,2019 年 1 月 31 日,证监会发布了市场期盼已久的改革 QFII 和 RQFII 机制的新规征求意见稿(简称“QFII/RQFII 征求意见稿”),拟大幅扩大允许投资的底层资产范围,简化申请程序,降低申请的难度。2019 年 3 月 24 日,央行行长易纲在中国发展高层论坛上表示,允许境外投资者对冲其因投资中国的股票和债券市场而产生的外汇风险,并称重点是外国投资者提供足够的对冲工具。¹¹最新的 11 项金融业进一步对外开放的政策、措施也提及要进一步便利境外机构投资者投资银行间债券市场。由此看出,监管者在不断探讨和推出各项便利化举措,吸引外资投资中国市场。

在跨境服务方面,我们认为外资资管机构在中国建立的本土投资研究交易团队有机会在合规的

框架下服务于全球的机构投资者,助力境外机构投资者投资中国市场。QFII/RQFII 征求意见稿拟允许 QFII/RQFII 委托与其存在关联关系的境内私募证券投资基金管理人提供投资建议服务,且未设置境内私募基金管理人担任 QFII/RQFII 投资顾问的资质要求。这意味着在新规正式出台后,私募基金管理人即可为其集团内部的 QFII/RQFII 提供有关境内投资的投资建议服务。下一步,或有望推动中国监管机构研究将外资私募可服务的范围扩大至除 QFII/RQFII 之外的其他海外机构投资者,并将投资建议服务扩大至全权的投资管理服务。

三. 对进一步开放的展望

从对上述金融市场进一步开放政策的观察可以发现,开放基调是稳中有进。中国政府一方面在有序推动开放,鼓励外资资管机构进入中国市场,为其在中国投资和展业提供便利,另一方面坚持金融审慎的原则,强调开放应服务于服务实体经济和防范系统性风险两大目标,监管者将挑选优质机构给与准入资格,并在涉及跨境资本流动等重大问题上始终保持审慎,避免因不审慎的开放政策触发风险。

⁸ 外汇局:“支持境内机构创新对外投资方式 稳步推进合格境内有限合伙 / 投资企业试点工作”
http://www.gov.cn/xinwen/2018-04/25/content_5285750.htm

⁹ 中证网财经要闻——潘功胜:研究适度放宽甚至取消 QFII 额度管理
http://www.cs.com.cn/xwzx/hg/201906/t20190614_5958224.html

¹⁰ QFII: 即合格的境外机构投资者(Qualified Foreign Institutional Investors), QFII 机制是指外国专业投资机构到境内投资的资格认定制度; RQFII: 即人民币合格境外投资者(RMB Qualified Foreign Institutional Investors), 取得该资质的境外机构投资者人可将批准额度内的人民币投资于境内的证券市场。

¹¹ 腾讯新闻:“央行行长易纲:提供足够的对冲工具是今年的重点任务”
<https://new.qq.com/omn/20190324/20190324A0AYH5.html>

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附表一：外资私募名录（截止 2019 年 8 月 22 日）

序号	私募基金管理人
1.	富达利泰投资管理(上海)有限公司
2.	瑞银资产管理(上海)有限公司
3.	英仕曼(上海)投资管理有限公司
4.	富敦投资管理(上海)有限公司
5.	惠理投资管理(上海)有限公司
6.	景顺纵横投资管理(上海)有限公司
7.	路博迈投资管理(上海)有限公司
8.	安本标准投资管理(上海)有限公司
9.	施罗德投资管理(上海)有限公司
10.	贝莱德投资管理(上海)有限公司
11.	安中投资管理(上海)有限公司
12.	桥水(中国)投资管理有限公司
13.	元胜投资管理(上海)有限公司
14.	毕盛(上海)投资管理有限公司
15.	瀚亚投资管理(上海)有限公司
16.	未来益财投资管理(上海)有限公司
17.	联博汇智(上海)投资管理有限公司
18.	安联寰通资产管理(上海)有限公司
19.	德劭投资管理(上海)有限公司
20.	野村投资管理(上海)有限公司
21.	霸菱投资管理(上海)有限公司

附表二：上海经批准设立的 QDLP 试点名单（截至 2019 年 8 月 22 日）

1. 英仕曼海外投资基金管理(上海)有限公司
2. 橡树海外投资基金管理(上海)有限公司
3. 信拓城海外投资基金管理(上海)有限公司
4. 奥氏(上海)海外投资基金管理有限公司
5. 肯阳海外投资基金管理(上海)有限公司
6. 瑞银睿华海外投资基金管理(上海)有限公司
7. 睿富(上海)海外投资基金管理有限公司
8. 易皆福(上海)海外投资基金管理有限公司
9. 世邦魏理仕海外投资基金管理(上海)有限公司
10. 广发钧策海外投资基金管理(上海)有限公司
11. 贝莱德海外投资基金管理(上海)有限公司
12. 惠理海外投资基金管理(上海)有限公司
13. 摩根海外投资基金管理(上海)有限公司
14. 安联寰通海外投资基金管理(上海)有限公司
15. 安本标准海外投资基金管理(上海)有限公司
16. 宏利海外投资基金管理(上海)有限公司
17. 联博汇智(上海)海外投资基金管理有限公司
18. 野村海外投资基金管理(上海)有限公司
19. 安盛海外投资基金管理(上海)有限公司
20. 法巴海外投资基金管理(上海)有限公司
21. 荷宝海外投资基金管理(上海)有限公司
22. 路博迈海外投资基金管理(上海)有限公司
23. 霸菱海外投资基金管理(上海)有限公司
24. 摩根士丹利海外投资基金管理(上海)有限公司
25. 瑞信海外投资基金管理(上海)有限公司
26. 未来益财海外投资基金管理(上海)有限公司

27. 美盛海外投资基金管理(上海)有限公司
28. 瀚亚海外投资基金管理(上海)有限公司
29. 品浩海外投资基金管理(上海)有限公司
30. 瑞锐海外投资基金管理(上海)有限公司
31. 景顺纵横海外投资基金管理(上海)有限公司
32. 富兰克林邓普顿海外投资基金管理(上海)有限公司
33. 泰康盛世海外投资基金管理(上海)有限公司
34. 保德信海外投资基金管理(上海)有限公司

JUNHE SPECIAL REPORT



November 5, 2019

Opening-up A New Chapter for Global Asset Managers in China

The opening-up of China's financial markets appears to offer unprecedented opportunities for global asset managers. Compared with policies to open up the banking and insurance industries, which have gone relatively unremarked, the asset management policies that have been gradually released over the course of the past three years have drawn greater attention from the global asset manager community, which remains eager to explore potential opportunities to enter the Chinese market. Below we analyse recently introduced policies of relevance to global asset managers' market access, cross-border transactions and services, and discuss some of the opportunities and challenges for global asset managers in China.

Market Access

I. FMC Licenses

Between 1998 and 2016, the China Securities Regulatory Commission (CSRC) granted approvals for 44 Sino-foreign joint-venture (JV) securities investment fund management companies (FMCs).¹ With the exception of Hang Seng Qianhai Fund Management Co., which was approved under the framework of the Mainland Hong Kong Closer Economic Partnership Arrangement, foreign investors of the aforementioned FMCs had been restricted to minority equity status. Many large global asset managers were eager to acquire wholly owned or majority-owned FMC licences, but were unable to

do so due to policy restrictions.

In April 2018, the CSRC announced that it would accept applications to increase foreign equity ownership of FMC to 51% to establish new foreign majority-owned FMCs, and further proposed to allow wholly foreign-owned FMCs after three years, i.e. in 2021.

More recently, in July 2019, at the opening ceremony of the 13th Summer Davos Forum, Premier Li Keqiang announced that the removal of the foreign equity cap on FMCs would be brought forward from 2021 to 2020.

Given the difficulties that global asset managers may face when attempting to negotiate an increase in their equity stake in FMCs with Chinese shareholders, this policy change would probably encourage them to consider establishing a wholly owned FMC, in addition to their attempt to increase their equity in an existing JV FMC. Indeed, with only limited time before the CSRC starts accepting applications, it is our observation that some global asset managers are already expediting their preparations to submit such applications to set up wholly owned FMCs.

When setting up an FMC, a global asset manager will usually apply for both a publicly raised securities investment fund management licence, which targets retail investors, and a specific client asset management licence (i.e. a private asset management licence), which targets institutional investors and high-net-worth individuals, and over the long term, aspire to provide services and products for institutional investors, such as

¹ CSRC: list of FMC joint ventures (April 2019) available at www.csrc.gov.cn/pub/newsite/gjb/sczr/wzcgjglsylb/201906/t20190628_358351.html.

domestic social security funds, pensions, enterprise annuities or insurance funds.

In setting up wholly owned FMCs, global asset managers are likely to face two main challenges. Firstly, in terms of business operation, a global asset manager must ensure that its wholly owned FMC satisfies all regulatory requirements concerning the independence of operation, while at the same time leveraging and maximising the global resources of its group by implementing effective global asset management practices in its daily operation, such as investment management and risk control, IT services and support. Secondly, in terms of business development, a global asset manager will need to determine how its wholly owned FMC can differentiate its businesses and compete with local FMCs.

II. New Asset Management Licenses Issued by CBIRC

As well as the opportunities for FMCs, the China Banking and Insurance Regulatory Commission (CBIRC) has also been encouraging the local asset management institutions regulated by it to set up JVs and/or to cooperate with foreign investors. On 20 July 2019 the Financial Stability and Development Committee of the State Council announced 11 measures to further open up China's financial sector, three of which are the types of market access regulated by the CBIRC, namely:

- Foreign financial institutions investing in the wealth management subsidiaries of commercial banks.
- Foreign asset management institutions setting up a majority owned asset management company with the subsidiaries of Chinese banks or insurance companies.
- And foreign financial institutions setting up or

investing in pension fund management companies.

However, it remains to be seen how the above three measures will be implemented. The first two measures may depend on various business considerations, such as whether a commercial bank would have incentive to introduce foreign investors to invest in its wealth management subsidiaries, and how a jointly owned sub-subsidiary established by a wealth management subsidiary of a bank or insurance asset management company and by foreign investors might gain support from its shareholders and develop a differentiated business.

Many global asset managers have expressed significant interest in the third measure, setting up or investing in pension fund management companies, which, when implemented, will provide them with a licence to undertake pension fund management. As was indicated in a CBIRC media Q&A, pension fund management companies are still at the pilot stage, and the approval for setting up pension fund management companies is currently granted on a case-by-case basis.

Generally speaking, when compared with the relatively mature FMC licensing scheme, the aforementioned CBIRC measures on foreign investors' market access are at a preliminary stage, and global asset managers will need further details to make a full assessment of the opportunities.

III. Private fund management licenses

In China, asset management businesses fall into two main categories: public fundraising (i.e. retail) and private fundraising. Private fundraising is further divided into business conducted by licensed financial institutions and business

conducted by non-licensed institutions, with the latter normally referring to private fund managers (PFMs). In this latter type, there are three further subgroups: securities-type PFMs targeting investment in the public market, including the trading of listed products, such as stocks, securities and derivatives; private equity-type PFMs aiming at investing in the primary market, such as unlisted equities; and PFMs involved in other types of investment activities.

In practice, the so-called wholly foreign-owned enterprise (WFOE) PFM policy refers to the wholly foreign-owned or JV securities-type PFMs, while QDLP managers would be considered as a special type of PFM under the third category above.²

1. Securities-type PFMs

Unlike an FMC, which is permitted to issue publicly raised products by raising funds from the public, a securities-type PFM is restricted to raising funds from no more than 200 qualified investors. Strictly speaking, PFMs are unlicensed institutions whose establishment requires registration with self-regulatory organisations rather than requiring administrative approval. Once registration has been completed, a PFM may engage in private fund investment and management. Compared with the strict regulatory requirements faced by FMCs, regulatory control over private fund management is relatively loose and flexible.

Despite the explosion in numbers of PFMs established over the past few years – as of June 2019, there were approximately 8,875 PFMs registered in China – there has been some

variation in their quality, with the bulk of assets under management (AUM) concentrated within the very few top PFMs.

In June 2016, China issued its WFOE PFM policy, allowing foreign investors to establish wholly foreign-owned PFMs and through issuing private funds, to invest in domestic stocks, securities, bonds and derivatives markets. Distinct from “grassroots” domestic private funds, which have grown organically, WFOE PFMs have been more carefully crafted, emerging as policy outcomes during the eighth Round of US-China Strategic and Economic Dialogue and also receiving attention during two rounds of the China-UK Economic and Financial Dialogue (the eighth and tenth, respectively).

The continuing growth of the WFOE PFM community during the past three years is an indicator of their “noble” origins: publicly available information from the Asset Management Association of China (AMAC) indicates that, as at 22 August 2019, 21 WFOE PFMs had been registered with the AMAC, all established by prominent global asset managers (see a list of managers in Appendix I).

Existing WFOE PFMs can be categorised according to the nature of their shareholders into foreign large mutual fund managers and foreign large hedge fund managers. Foreign public fund managers have tended to establish their WFOE PFMs to gain local securities-trading experience, to expand local businesses, and to save time entering the Chinese market prior to obtaining a wholly foreign-owned FMC licence. Foreign large hedge fund managers focus more on developing products and strategies tailored to the Chinese market and to their business performance, and may not actually be considering applying for an FMC licence.

Both types have shown a tendency towards

² QDLP, the Qualified Domestic Limited Partner regime, is a local pilot programme first implemented in Shanghai. Under the Shanghai QDLP policy, qualified foreign institutions may, by establishing an overseas fund management company and launching private funds in China, privately raise RMB funds in China and then invest in offshore primary or secondary markets. QDLP policies of different cities may differ from each other.

product diversification. By 22 August 2019, the 21 registered WFOE PFMs have issued a total of 51 products.

To save on costs and labour, almost all WFOE PFMs outsource their transfer-agency and fund-administration activities to qualified third-party service providers, and engage distribution agents rather than distribute funds by themselves. The number of direct employees of the 21 approved WFOE PFMs is relatively small, ranging from three to 28 people per firm: eight PFMs have less than 10 employees; four PFMs have 10 to 15 employees; and nine PFMs have more than 15 employees.

Although there has been considerable growth in the number of registered WFOE PFMs and in the issuance of products, WFOE PFMs continue to face various challenges:

- Regulatory limits on multilayered products have made it difficult to get a wrapped product to invest in a private fund on a one-on-one basis.
- The institutional investors with whom WFOE PFMs may cooperate are relatively limited in number, and even if WFOE PFMs were permitted to extend their cooperation to the wealth management subsidiaries of commercial banks, they would be seldom considered as viable partners by such institutional investors due to their lack of trading track records.
- And it takes time for WFOE PFMs to build up their own investment teams, and taking the approach of acquiring local private fund teams may not be feasible due to the lack of suitable acquisition targets.

These challenges may cause other global asset managers to hesitate when deciding whether to

set up a WFOE PFM, although they may not be insurmountable barriers for a global asset manager committed to injecting resources into the Chinese market over the long-term or able to compete with local institutions in terms of product strategies.

Global asset managers proposing to establish a WFOE PFM may consider various strategies. They could form a local investment team, thereby gaining relevant business experience and await future opportunities to provide investment management services for local and foreign institutional investors. Another approach would be to consider injecting resources into both WFOE PFM and QDLP schemes simultaneously to benefit from the shared resources and reduced costs.

So, while global asset managers will be able to apply to set up FMCs as of next year, given less regulatory burden over PFMs compared to FMCs and the fact that, similar to FMCs, PFMs are also potentially capable of providing investment management or advisory services for onshore and offshore institutional investors, we anticipate a steady increase in the number of WFOE PFM applications in the next few years.

A WFOE PFM considering applying for a wholly foreign-owned FMC licence should follow the current practice of converting from a PFM to an FMC licence, i.e. when a foreign shareholder sets up the FMC while simultaneously transferring the business of the WFOE PFM to the FMC to avoid potential conflicts of interest arising from an overlap of businesses.

2. Private Equity-type PFMs

Despite the fact there are no specific restrictions imposed on foreign investors applying to set up private equity-type PFMs, as for securities-type PFMs, the company name and business scope of

a private equity-type PFM registered by a foreign investor will be subject to strict review, as would be the case with a domestic investor.

In practice, an endorsement of a pilot qualification (i.e. the QFLP pilot) by a local government is a must-have for a global asset manager wishing to establish a foreign-invested partnership-type private equity fund.³ Indeed when compared with conducting foreign direct investment (FDI) using US dollar funds raised overseas, a QFLP pilot is more flexible in terms of foreign exchange settlement and the permissible investment scope.

Since Shanghai first took the initiative in 2010 to issue its QFLP pilot programme, other localities including Beijing, Tianjin, Chongqing, Shenzhen, Qingdao, Zhuhai and Guangzhou have developed their own local QFLP pilot programmes to encourage foreign investment. As the Chinese government is likely to continue encouraging the inward flow of foreign capital, we anticipate that QFLP pilot programmes may attract ever greater attention from global asset managers.

3. QDLP/QDIE

QDLP and QDIE are pilot programmes being sponsored by Shanghai and Shenzhen local governments, respectively, enabling global asset managers to form a fund by privately raised RMB from qualified investors to invest in foreign markets within a permitted quota.⁴ The QDLP pilot in Shanghai has been well received by global

asset managers, with many prestigious asset management institutions, including prominent hedge, alternative fund and large global mutual fund managers, participating in the pilot (see a list of QDLP managers approved in Shanghai in Appendix II), creating synergies to attract WFOE PFMs in Shanghai.

Pursuant to the current policies of the AMAC, for a WFOE PFM and a QDLP manager structured under a parent-subsidiary arrangement and located in Shanghai (i.e. where the WFOE PFM is the parent entity, with the QDLP manager being a wholly owned subsidiary of the WFOE PFM), there will be no special requirements for the personnel and registered capital of the QDLP manager, and the QDLP manager may be registered at the address of the WFOE PFM.

Setting up a WFOE PFM and applying for a QDLP pilot qualification simultaneously would be a cost-effective and attractive proposition for a global asset manager interested in engaging in both types of business, since all capital, staff and office space could be shared between the two entities.

It is worth noting that both QDLPs and QDIEs are subject to the restrictions on foreign-exchange quotas. The State Administration of Foreign Exchange (SAFE) has adopted a macro-prudential management approach to the QDLP/QDIE pilot programmes, taking into account the current balance of cross-border payments, the development of industry and outbound investment, and the steady advancement of the QDLP/QDIE pilot programmes.⁵

Pan Gongsheng, the deputy governor of the People's Bank of China, remarked at the 11th

³ QFLP, the Qualified Foreign Limited Partnership, is a local pilot program in which a qualified foreign investor, upon being approved by the local government, may set up a foreign-invested equity investment management company (i.e. QFLP fund manager) and a foreign-invested equity investment company (i.e. QFLP fund) to raise funds from domestic or foreign investors through private offering and invest in domestic private equity or debt investment by using RMB, subject to local QFLP policies.

⁴ QDIE, the Qualified Domestic Limited Enterprise regime, similar to Shanghai's QDLP regime, is a pilot program sponsored by the Shenzhen government, which allows qualified institutions to raise funds privately in China and then invest them in offshore markets by establishing a limited liability company or a partnership to serve as the QDIE manager in Shenzhen.

⁵ "SAFE: Support Domestic Institutions' Innovation of Overseas Investment Types and Steadily Push Forward the Reform of QDLP/QDIE Schemes" from www.gov.cn/xinwen/2018-04/25/content_5285750.htm

Lujiazui Forum that making the QDLP pilot in Shanghai a normalised practice should be a priority on the government's work agenda.⁶ It is anticipated that with the gradual stabilisation of the RMB, SAFE may gradually release more quotas, achieving a changeover for QDLP from pilot to permanent status.

Cross-border Trading and Services

At the same time as developing policies relating to market access, the Chinese government has also been introducing policies to facilitate cross-border trading and services.

The key objective for cross-border trading initiatives is to facilitate foreign institutions to invest in China's stocks, bonds and derivatives markets via different channels. Currently, the main investment channels include QFII/RQFII, direct access to the interbank bond market, Stock Connect, Bond Connect and specific futures products that can be traded by foreign investors directly.⁷

It is worth mentioning that on 31 January 2019, the CSRC issued its long-awaited consultation paper regarding the reform of the QFII/RQFII regime (QFII/RQFII Consultation Paper), which proposes to further expand the scope of the underlying assets available for investment to simplify the application procedures and minimise any problems associated with submitting the application. In a speech delivered at the China Development Forum in March 2019, the governor of the People's Bank of China, Yi Gang, stated that foreign investors will be allowed to hedge the foreign-exchange risks arising from their investment in China's securities and bond

markets, emphasising the importance of providing sufficient hedging tools for foreign investors.⁸ The CBIRC's aforementioned newly issued 11 measures to further open up the financial sector also mention that China will facilitate foreign investment in the interbank bond market. In summary, it appears that the regulatory authorities are continually exploring and introducing a range of measures to attract foreign investors.

In terms of cross-border services, local investment research teams assembled by global asset managers may have the opportunity to serve foreign institutional investors within a compliant framework and facilitate their investment in China. Under the QFII/RQFII Consultation Paper, a QFII/RQFII may designate a domestic private securities fund manager related to it as its investment advisory service provider with no need to meet additional qualification requirements. This means that after the new regulation is formally implemented, a WFOE PFM will be allowed to provide investment advisory services for a QFII/RQFII within its group company. As the next step, it may be useful for the Chinese regulators to consider the feasibility of expanding the permissible advisory service recipients to include all foreign institutional investors, beyond just QFII/RQFIIs, and for the permissible scope to be extended from only providing investment advisory services to also offering discretionary investment management services.

Outlook for future open-up

It appears that the opening up of China's financial markets continues to make steady progress. On the one hand, the Chinese government has been promoting a gradual opening-up, encouraging

⁶ Pan Gongsheng: Conduct Research to Loosen or Even Remove Restrictions on QFII Quota www.cs.com.cn/xwzx/hg/201906/t20190614_5958224.html.

⁷ A QFII, or a Qualified Foreign Institutional Investor, is a qualification scheme for foreign institutional investors investing in China, and RQFII is a qualification scheme for foreign institutional investors investing in China with RMB.

⁸ See "Providing sufficient hedging tools for foreign investors is one key mission for this year" at <https://new.qq.com/omn/20190324/20190324A0AYH5.html>.

global asset managers to enter into China's market and facilitating their investment activities in China. On the other, the Chinese government is holding firm to the principle of prudential regulation and has indicated two key objectives: serving the real economy and preventing systemic risks.

It is likely that regulators will continue to provide market access for high-quality institutions, but they will also maintain their cautious approach on issues such as cross-border capital flow to avoid the type of risks that might be triggered by reckless policies.

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Appendix I: List of WFOE PFMs (22nd Aug 2019)

Item	PFM
1.	FIL Investment Management (Shanghai) Company Limited
2.	UBS Asset Management (Shanghai) Limited
3.	Man Investment Management (Shanghai) Co., Ltd.
4.	Fullerton Investment Management (Shanghai) Co. Ltd
5.	Value Partners Investment Management (Shanghai) Limited
6.	Invesco Investment Management (Shanghai) Limited
7.	Neuberger Berman Investment Management (Shanghai) Limited
8.	Aberdeen Standard Asset Management (Shanghai) Co., Ltd.
9.	Schroder Investment Management (Shanghai) Co., Ltd.
10.	Blackrock Investment Management (Shanghai) Co., Ltd.
11	AZ Investment Management (Shanghai) Co., Ltd.
12.	Bridgewater (China) Investment Management Co., Ltd.
13.	Winton Investment Management (Shanghai) Co., Ltd.
14.	APS CHINA ASSET MANAGEMENT PTE LTD
15.	Eastspring Investment Management (Shanghai) Company Limited
16.	Mirae Asset Investment Management (Shanghai) Co., Ltd.
17.	AB (Shanghai) Investment Management Co., Ltd.
18	Allianz Global Investors Asset Management (Shanghai) Limited
19.	D. E. Shaw Investment Management (Shanghai) Co., Ltd.
20.	Nomura Investment Management (Shanghai) Co., Ltd.
21	Barings Investment Management (Shanghai) Limited

Appendix II List of QDLP managers approved in Shanghai (22nd August 2019)

- (1) Man Investments (Shanghai) Limited
- (2) Oaktree Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (3) Citadel Overseas Investment Fund Management (Shanghai)Co., Ltd.
- (4) Och-Ziff (Shanghai) Overseas Investment Fund Management Co., Ltd.
- (5) Canyon Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (6) UBS Rui Hua Overseas Investment Fund Management (Shanghai) Ltd .
- (7) DWS Investments Shanghai Limited
- (8) EJP Shanghai Adviser Ltd.
- (9) CBRE Global Investors Overseas Investment Management (Shanghai) Co., Ltd.
- (10) GF-Persistent Overseas Investment Fund Management (Shanghai) Co.,Ltd
- (11) BlackRock Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (12) Value Partners Fund Management (Shanghai) Limited
- (13) JPMorgan Overseas Investment Fund Management (Shanghai) Limited
- (14) Allianz Global Investors Overseas Asset Management(Shanghai) Limited
- (15) Aberdeen Standard Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (16) Manulife Overseas Investment Fund Management (Shanghai) Limited Company
- (17) AB (Shanghai) Overseas Investment Fund Management Co., Ltd.
- (18) Nomura Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (19) AXA IM Overseas Investment Fund Managers (Shanghai) Limited
- (20) BNP Paribas Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (21) Robeco Overseas Investment Fund Management(Shanghai) Limited Company
- (22) Neuberger Berman Overseas Investment Fund Management (Shanghai) Limited
- (23) Barings Overseas Investment Fund Management (Shanghai) Limited
- (24) Morgan Stanley Overseas Investment Fund Management (Shanghai) Limited
- (25) Credit Swiss Overseas Investment Fund Management (Shanghai) Limited
- (26) Mirae Asset Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (27) Legg Mason Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (28) Eastspring Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (29) PIMCO Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (30) UBP Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (31) Invesco Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (32) Franklin Templeton Overseas Investment Fund Management (Shanghai) Co., Ltd.
- (33) Taikang Overseas Investment Fund Management (Shanghai) Co., Ltd.

(34) Prudential Overseas Investment Fund Management (Shanghai) Co., Ltd.