

## Fund managers get green light for HK

The country's securities regulator has approved mainland fund management companies to set up branches in Hong Kong, as part of efforts to further fulfill the Closer Economic Partnership Arrangements between the special administrative region and the mainland.

Mainland fund management companies can now submit the relevant applications to the China Securities Regulatory Commission (CSRC) and they will be able to get a response within 60 days, the regulator said in a statement on Sunday.

Fang Zheng, chairman of the Hong Kong Securities and Futures Commission, hailed the move as a "milestone", as it will be the first time for mainland fund management companies to familiarize themselves with international investment practice and regulations.

"After years of development, mainland fund management companies are now itching to know more about the international market, and Hong Kong is a perfect place to start," said Dong Chen, a senior analyst at CITIC China Securities.

Currently, there are more than 60 fund management companies on the mainland, with assets under management peaking at 3.5 trillion yuan. By the end of last year, 22 of these companies had net assets exceeding 200 million yuan, statistics from the CSRC showed.

"There have been some mainland fund management companies contacting us, showing interest in setting up branches in Hong Kong," the CSRC said in the statement.

As Hong Kong is also seen as a major investment destination and a talent pool for QDII products, the new branches will help mainland fund management companies better develop their QDII business, the regulator added.

However, industry analysts also warned of the potential risks for the mainland fund companies.

"It's wise to test the new measures on a small scale and increase pilot phases step by step. Being rooted in the mainland, they should still focus on business at home," CITIC China Securities' Dong said.

"We don't have a plan to submit the application in the short term," a fund manager with China Merchants Securities told China Daily, adding that they are still waiting for detailed regulations from the CSRC to clarify what kind of business approved branches can run in Hong Kong.

Wang Ciming, the executive director of the Hong Kong Investment Funds Association, said the entry of mainland fund companies will not pose much competition to local players. On the contrary, the fund management market in Hong Kong can become more comprehensive and diversified, he said.

*Source: Xinhua*