

## Announcement of the China Securities Regulatory Commission

(No. 37 [2011])

The Provisions on the Implementation of the Measures for the Pilot Securities Investment in China by RMB Qualified Foreign Institutional Investors of Fund Management Companies and Securities Companies are hereby issued and shall come into force on the date of issuance.

China Securities Regulatory Commission

December 16, 2011

### Provisions on the Implementation of the Measures for the Pilot Securities Investment in China by RMB Qualified Foreign Institutional Investors of Fund Management Companies and Securities Companies

To further ensure the sound performance of the pilot program where RMB qualified foreign institutional investors of fund management companies and securities companies carry out securities investment in China with RMB funds raised in Hong Kong, the relevant issues concerning the implementation of the Measures for the Pilot Securities Investment in China by RMB Qualified Foreign Institutional Investors of Fund Management Companies and Securities Companies (hereinafter referred to as the “Pilot Measures”) are hereby prescribed as follows:

I. “Explanation of sources of funds and the plan for securities investment in China” in Subparagraph 6, Article 7 of the Pilot Measures shall include: sources of funds raised, investment quota under application, information on the fund or products to be issued, asset allocation, investment research team, compliance supervision and other arrangements for back-office operations, domestic and foreign custodians, and securities companies trading in securities as agents.

“Written legal opinions” in Subparagraph 10, Article 7 of the Pilot Measures refers to legal opinions issued by law firms, which shall include, but not be

limited to, opinions on whether an applicant and its parent company in China have been punished by any local regulatory department in the latest three years, and opinions on whether the applicant meets the relevant eligibility requirements.

The application materials submitted in accordance with Article 7 of the Pilot Measures shall include an original and a duplicate. Where the photocopies of application materials need to be submitted, it is necessary to verify whether the photocopies are consistent with the original. Where the application materials are written in English, a complete Chinese translation shall be provided; and for a financial report, the applicant is allowed to simply translate the opinions of the auditor and the main statements.

II. A pilot institution having obtained the qualification for engaging in securities investment in China (hereinafter referred to as the “pilot institution”) shall, within five workdays after opening a RMB account, submit a formal custody agreement to the China Securities Regulatory Commission (“CSRC”).

III. A pilot institution shall authorize the custodian to apply to the China Securities Depository and Clearing Corporation Limited for the opening of securities accounts and such accounts shall individually correspond with the approved RMB accounts.

A pilot institution shall open and use securities accounts under the business rules of the China Securities Depository and Clearing Corporation Limited, and bear management responsibility for the securities accounts opened by it.

IV. A pilot institution may, within the approved investment quota, invest in shares, bonds and warrants traded on stock exchanges, securities investment funds, and other financial instruments permitted by the CSRC and the People's Bank of China.

A pilot institution may participate in the issuance of new shares, the issuance of convertible bonds, the additional issuance of shares and the purchase of allotted shares.

V. The allocation of the RMB funds raised in Hong Kong with which a pilot institution conducts securities investment in China shall meet the following requirements: within the approved investment quota, the funds invested in equity and equity funds shall be no more than 20% of the size of the funds

raised, and the funds invested in fixed-income securities including various types of bonds and fixed-income funds shall be no less than 80% of the size of the funds raised.

VI. Where a pilot institution's securities investment in China meets the requirements for information disclosure, the pilot institution, as an entity with the information disclosure obligation, shall submit the information required to be disclosed to the stock exchange. The parent company of the pilot institution in China shall strengthen the risk management of the pilot institution.

VII. Each pilot institution may, on the Shanghai Stock Exchange and Shenzhen Stock Exchange respectively, authorize not more than three domestic securities companies to conduct securities transactions.

VIII. These Provisions shall come into force on the date of issuance.