

PRESS RELEASE

ASIFMA PUBLISHES PAPER ON FOREIGN INSTITUTIONAL INVESTORS' ISSUES IN CHINA

New report provides an in-depth look at what would make investing and operating in China more attractive to foreign institutional investors

Hong Kong, 20 March 2019 – [ASIFMA](#), the financial industry's leading regional trade association, today released a new paper from its Asset Management Group (AAMG) on the recommendations to provide better access to China's markets by foreign institutional investors ("FIIs") investing and operating in China.

["Foreign Institutional Investment in China: An Asset Management Perspective"](#) looks at the recent developments and progress made in China as well as the remaining issues and challenges faced by FIIs, especially foreign investment managers, when they (i) invest in China's equities and debt markets through the various access channels, (ii) operate an asset management business in China, and (iii) raise funds in China for investment offshore.

"The importance of China as a destination and a source of capital continues to grow. The asset management industry plays a pivotal role in this development. This report sets out a range of important recommendations which we believe will greatly help in ensuring future growth, both in China's capital markets as well as its asset management industry," said Lieven Debruyne, Chairman of AAMG and APAC CEO of Schroders.

"Tremendous progress has been made to open and broaden China's capital markets in the past two years," said Eugenie Shen, Managing Director and Head of AAMG. "Our hope is that this paper will help Chinese policymakers and regulators understand better the challenges faced by FIIs so that our suggested improvements and enhancements, which are all aimed at increasing investments in China, will be adopted and implemented in the near future."

Some of the key suggestions in the report include:

- **Certainty and clarity in policies, rules and regulations**, especially on proceeds repatriation and tax treatment, are foremost among what all FIIs want to see from China. This is particularly true for FIIs who have the option to invest in many other markets around the world.
- **Simplification, alignment and eventual convergence of the different access schemes**, which are confusing to FIIs, is another area that FIIs most like to see from China. Foreign investment managers that have already invested in China want to be able to consolidate their positions in different schemes

DEVELOPING ASIAN CAPITAL MARKETS

and easily transfer their positions from one scheme to another to reduce duplication, achieve operational and cost efficiency, and optimize returns for their investors.

- **Harmonization of trading and settlement processes with international standards** for both debt and equities and across the different access channels would reduce the need for system and process adjustments and work-around solutions in order for FII to trade in China's capital markets. Many markets around the world have converged or are moving to a DvP T+2 settlement cycle which allows investors globally to simplify and standardize their investment operational processes.
- **Unification of the rules for the Chinese asset management industry** based on the type of products and activities rather than the type of entity involved would improve the fragmented nature of China's asset management industry, reduce the complexity and confusion arising from different entities being allowed to engage in slightly different activities and, most important to foreign investment managers, create a level playing field for all participants. Harmonizing the regulations issued by different regulators can prevent regulatory arbitrage.

The full report is available in English ([here](#)) and in Chinese ([here](#)).

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About ASIFMA

[ASIFMA](#) is an independent, regional trade association with over 115 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region. More information about ASIFMA can be found at: www.asifma.org.