

Joint Announcement of People's Bank of China, Hong Kong Monetary Authority, and Monetary Authority of Macao on Launch of Cross-boundary Wealth Management Connect Pilot Scheme in Guangdong-Hong Kong-Macao Greater Bay Area

The following is issued on behalf of the Hong Kong Monetary Authority:

To facilitate cross-boundary investment by individual residents in the Guangdong-Hong Kong-Macao Greater Bay Area (the Greater Bay Area), the People's Bank of China, the Hong Kong Monetary Authority, and the Monetary Authority of Macao have decided to implement the cross-boundary wealth management connect pilot scheme ("Wealth Management Connect" hereafter) in the Greater Bay Area. It is hereby announced that:

1. Wealth Management Connect refers to the arrangement under which individual residents in the Greater Bay Area carry out cross-boundary investment in wealth management products distributed by banks in the Greater Bay Area. The scheme has a southbound and a northbound components, depending on the residency of the investors. Under Southbound Wealth Management Connect, residents of the Mainland cities in the Greater Bay Area can invest in eligible investment products distributed by banks in Hong Kong and Macao by opening designated investment accounts with these banks; under Northbound Wealth Management Connect, residents of Hong Kong and Macao can invest in eligible wealth management products distributed by Mainland banks in the Greater Bay Area by opening designated investment accounts with these banks.
2. Wealth Management Connect is an important measure by the nation in support of the Greater Bay Area development and closer financial cooperation between the Mainland, and Hong Kong and Macao. It is conducive to the creation of a quality living environment within the Greater Bay Area. It facilitates cross-boundary investment by individual residents in the Greater Bay Area and promotes the opening-up of the Mainland's financial markets as well as the mutual social and economic development of the Mainland, and Hong Kong and Macao.
3. Wealth Management Connect will be governed by the respective laws and regulations on retail wealth management products applicable in the three places with due regard to international norms and practices. The People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission, the State Administration of Foreign

Exchange, the Hong Kong Monetary Authority, the Hong Kong Securities and Futures Commission, and the Monetary Authority of Macao will discuss and agree on the implementation details including investor eligibility, mode of investment, scope of eligible investment products, investor protection, handling of disputes, etc. under the Northbound and Southbound Wealth Management Connect. Cross-boundary remittance under the scheme will be conducted and managed in a closed-loop through the bundling of designated remittance and investment accounts to ensure that the relevant funds will only be used to invest in eligible investment products. Cross-boundary remittances will be carried out in renminbi, with currency conversion conducted in the offshore markets. Cross-boundary fund flows under Northbound and Southbound Wealth Management Connect will be subject to aggregate and individual investor quota management. The aggregate quota will be adjusted through a macro-prudential coefficient.

4. Relevant regulators in the Mainland, Hong Kong and Macao will each take necessary measures to establish effective mechanisms under Wealth Management Connect to tackle, based on the principle of territorial administration, any illicit activities in a timely manner, with a view to protecting the interest of investors. Relevant regulators in the Mainland, Hong Kong and Macao will enter into memoranda of understanding on supervisory cooperation to establish robust supervisory cooperation arrangement and liaison mechanism in order to protect investors' interest and maintain orderly and fair trading.

5. The Mainland financial infrastructure institutions should actively take forward preparations for Wealth Management Connect in an orderly manner and with prudent risk management. The Wealth Management Connect pilot scheme will be formally launched once relevant rules and systems are in place.

The date of formal launch of Wealth Management Connect and implementation details will be separately specified.