

MEMO# 32911

November 12, 2020

ICI Global's Response to the HKMA Consultation on the Greater Bay Area Wealth Management Connect

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November 12, 2020 TO: ICI Global Members SUBJECTS: International/Global Operations RE: ICI Global's Response to the HKMA Consultation on the Greater Bay Area Wealth Management Connect

ICI Global recently submitted the attached response letter to the consultation from the Hong Kong Monetary Authority (HKMA) on the proposed implementation arrangements for the Cross-boundary Wealth Management Connect Pilot Scheme (WMC Scheme) in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), following two consultation sessions hosted by the HKMA on 29 October and 4 November. The HKMA's proposals set out the policy framework of the WMC Scheme, including the proposed scope of eligible investment products and proposed arrangements for account opening and sales and marketing.

In our response, we urged the HKMA and the Securities and Futures Commission (SFC) to further broaden the range of eligible investment products under the WMC Scheme. We suggested that in addition to funds of funds that meet eligibility criteria, regulators should also include in the scope Hong Kong-domiciled feeder funds that are rated as low to medium risk and other investment products of similar risk ratings, *e.g.* individual bonds, exchange-traded funds, and Mandatory Provident Funds. Furthermore, on the sales and marketing arrangements, we recommended that the HKMA allow banks in Hong Kong to sell investment products under the WMC Scheme not only on an execution-only model, as proposed by the HKMA, but also on a suitability advice model if the mainland investors are physically in Hong Kong.

HKMA and SFC will continue to work with Chinese regulators to finalize the implementation rules. The actual launch date of the WMC Scheme will depend on the readiness of the participating banks. We will keep members apprised of any new developments.

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