

MEMO# 35605

January 31, 2024

Hong Kong Announced Implementation Details for Enhancing Greater Bay Area Wealth Management Connect

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TO: ICI Global Members

Asia Regulatory and Policy Committee SUBJECTS: International/Global RE: Hong Kong Announced Implementation Details for Enhancing Greater Bay Area Wealth Management Connect

On January 24, 2024, the Hong Kong Monetary Authority (HKMA) released a circular amending the implementation arrangements for the Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA Wealth Management Connect").[\[1\]](#) Effective from February 26, 2024, these amendments will implement the enhancements announced by the regulators in Mainland China, Hong Kong, and Macau in September 2023,[\[2\]](#) including expanding the scope of eligible products, increasing the individual investor quota, and enhancing the promotion and sale arrangements.

The Securities and Futures Commission (SFC) in parallel announced[\[3\]](#) the implementation arrangements for securities firms in Hong Kong to participate in the GBA Wealth Management Connect, which is one of the enhancements announced in September. Such arrangements are similar to those for banks, and will also be effective from February 26, 2024.

ICI Global has actively engaged with the HKMA and the SFC on enhancing the GBA Wealth Management Connect. In our attached response to the HKMA on the proposed amendments during an industry soft consultation in December 2023, we supported the current changes, and also took the opportunity to recommend that the HKMA incorporate further improvements in future iterations of the WMC Scheme, including, among others, further expanding the scope of eligible products to all non-complex, SFC-authorized funds. The HKMA acknowledged our recommendations for consideration during future expansions of the program. We will continue our engagement as the GBA Wealth Management Connect develops.

Major enhancements to the Southbound Scheme of the GBA Wealth Management Connect,

under which eligible Mainland residents in the GBA can directly invest in products distributed by participating banks in Hong Kong, include:

- Expanding the scope of eligible products: The product scope will be expanded to include (i) funds primarily investing in Greater China equities, and (ii) other funds that are assessed as "low" risk to "medium-high" risk, excluding high yield bond funds and single emerging market equity funds. Existing criteria that funds should be non-complex, Hong Kong-domiciled, and SFC-authorized still hold.
- Introducing suitable products to customers: Upon individual Southbound customers' request and after considering the customers' personal circumstances, participating banks in Hong Kong will be allowed to introduce products that meet the risk appetite of the customer, subject to the relevant conduct requirements in Hong Kong.[\[4\]](#)
- Providing investor education: Participating banks in Hong Kong will be able to provide investor education, for example, educating Southbound customers on interpreting different types of product documents, along with information on macroeconomic conditions, industry segments, and sectoral trends that are permitted under the current arrangement.
- Clarifying the scope of information banks in Hong Kong may provide at briefings and seminars in the Mainland: The HKMA clarified that, when attending briefings and seminars organized by their partner banks in the Mainland, Hong Kong banks and the staff of their partner fund companies should not provide information that involves investment analysis, forecasts or advice on securities and their product values, market trends, etc. without relevant qualification for carrying out securities investment consultancy businesses on the Mainland.
- Increasing the individual investor quota: The individual investment quota for each Southbound customer will be raised from RMB 1 million to RMB 3 million. If a customer has investment accounts at both a bank and a broker, the quota will be allocated equally between the two accounts.

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Notes

[\[1\]](#) Amendments to Implementation Arrangements for the Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area, dated January 24, 2024, available at <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2024/20240124e2.pdf>. See Also [Annex 1](#), [Annex 2](#), and [Appendix](#) to the circular.

[\[2\]](#) Enhancements to the Cross-boundary Wealth Management Connect Pilot Scheme Strengthening Financial Market Connectivity in the GBA, dated September 28, 2023, available at <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2023/09/20230928-4/>.

[\[3\]](#) Circular to Licensed Corporations Participation in Cross-Boundary Wealth Management Connect Pilot Scheme, dated January 24, 2024, available at <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/intermediaries/supervision/doc?ref>

[No=24EC6](#).

[4] Banks must comply with the requirements of the HKMA, and paragraph 5.2 of the SFC's Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, available at

https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/codes/code-of-conduct-for-persons-licensed-by-or-registered-with-the-securities-and-futures-commission/Code_of_conduct-Jan-2024_Eng-Final-with-Bookmark_20240119.pdf?rev=58cb723ff0494f168d908fc5e061b9d5.

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