

# Policy Development Proposals on the “Mainland and Hong Kong Closer Economic Partnership Arrangement”

有關  
《內地與香港關於建立更緊密經貿關係的安排》  
的政策發展建議



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## **Introduction**

1. The Financial Services Development Council (“FSDC”) has conducted a study on the “Mainland and Hong Kong Closer Economic Partnership Arrangement” (“CEPA”), with a view to compiling a roadmap for enhancing the implementation of measures related to financial services under CEPA. The FSDC consulted industry professionals through questionnaires, seminars and interviews, on how to deepen the development of CEPA, especially in terms of providing support to the banking, securities, futures, asset management and insurance industries of Hong Kong.
2. During the consultation, we noted that there were views in the market that the establishment of the Shanghai Free Trade Zone might bring competitions to CEPA. However, from the opinion of industry professionals, our consultation concluded that the current CEPA framework still contains considerable room for development which can be further explored. We believe that the Shanghai Free Trade Zone should be seen as a sign that China is willing to accelerate and deepen its economic and financial reforms, which also implies that more liberalisation measures would be introduced in the future under CEPA.
3. This report is compiled with reference to the suggestions of the industries as well as our own analysis. The report is divided into two parts: (i) A review of CEPA and its development so far, as well as its impact on Hong Kong’s general economy and financial services industry; (ii) specific recommendations in respect of the policy development of CEPA on Hong Kong’s banking, securities, futures, asset management and insurance industries.

## **Development and achievements of CEPA**

### **Development of CEPA and its contribution to the Hong Kong economy**

4. CEPA is the first free trade agreement between the Mainland and Hong Kong. CEPA was fully implemented on 1 January 2004. Since then a series of supplements were launched as the economy developed. These supplements further opened up and strengthened the economic and trade relations between Hong Kong and

the Mainland. CEPA focuses on three main areas: trade in goods, trade in services, and trade and investment facilitation, in which a number of industries are involved.

5. CEPA has been implemented under a step-by-step approach i.e. via the two sides' continuous close cooperation, regular reviews, as well as introduction of more liberalisation measures. So far, 10 CEPA supplements had been signed and implemented between 27 October 2004 and 29 August 2013 to further enhance CEPA's liberalisation measures and their effects.
6. The contribution of CEPA to the economy of Hong Kong has been substantial. From the introduction of CEPA until 2008, Hong Kong's GDP had increased robustly at an annual rate of more than 6%. Despite the global financial crisis, Hong Kong's economy has recovered and bounced back faster comparing to other regions and countries. This is undoubtedly attributable to the close link between the economies of Hong Kong and the Mainland. In terms of employment, the unemployment rate in Hong Kong has remained low since the introduction of CEPA. An active labour market and robust labour force participation reflect that CEPA has brought about greater job diversity and better employment opportunities in Hong Kong.

### **Development of financial services industry after implementation of CEPA**

#### **Banking industry**

7. CEPA and its supplements have facilitated banks in Hong Kong entering the Mainland market. CEPA has also provided them with greater flexibility in offering financial services in the Mainland, especially in the marketing of loan, insurance and mutual fund products. These liberalisation measures have enhanced Hong Kong banks' competitiveness and profitability in facing external market volatilities.
8. When CEPA was fully implemented in 2004, seven Hong Kong-incorporated banks benefited from the lowering of the asset size requirement and became eligible to establish branch operation in the Mainland. By the end of 2004, four of these banks were approved to set up branches in the Mainland. Subsequent CEPA supplements have offered further relaxation of restrictions for Hong Kong banks operating in the Mainland market and, by the end of 2013, 13 Hong

Kong-incorporated banks have established business in the Mainland, operating more than 440 branches / sub-branches locally.

9. Since the establishment of CEPA, the Mainland has become an increasingly important market to Hong Kong banks. At the end of 2013, the Hong Kong banking industry's aggregate on-balance sheet non-bank exposures to the Mainland amounted to the equivalent of HK\$3,161.3 billion, or 17.3% of total assets. These included exposures of HK\$773.4 billion booked at Mainland subsidiaries of Hong Kong banks. Compared with 2012, the aggregate on-balance sheet exposures grew by 30.6%.

### **Securities, futures and asset management industries**

10. The implementation of CEPA has also contributed significantly to the development of the securities, futures and asset management industries. In particular, substantial amount of assets have been under the management of the Hong Kong subsidiaries of Mainland securities and asset management companies, which have also played a pivotal role in cross-border investment through the RMB Qualified Foreign Institutional Investors ("RQFII") arrangement.
11. Supplement IV to CEPA allows Mainland fund management companies to set up subsidiaries in Hong Kong to operate their related businesses, helping the net assets of authorised unit trusts and mutual funds to increase by 99.6% since 2008, to US\$1,254 billion in 2013.
12. Supplement VIII to CEPA, which was signed on 13 December 2011, permits investment in the Mainland securities markets through the RQFII arrangement. In March 2013, the investment restriction of RQFII was further relaxed to allow institutions to design the types of products in accordance with market conditions. As the original RQFII arrangement only allowed for investment portfolios with at least 80% of fixed income assets and not more than 20% of equity assets, this liberalisation measure has given the industry more room and greater diversity in terms of investment products onshore.

### **Insurance industry**

13. CEPA and its supplements have relaxed the restrictions on entering the Mainland insurance market for Hong Kong insurance companies, agents and brokers. CEPA

also allows Hong Kong residents to engage in insurance-related activities in the Mainland after they have obtained relevant insurance qualifications in the Mainland. Nevertheless, the results of our consultation reflect that Hong Kong insurance companies are not particularly keen on entering the Mainland insurance market in the currently permitted forms of joint venture or affiliated companies. This is mainly due to the relatively small cap for shareholding and the complex approval process.

14. On investment activities, insurance companies in Hong Kong generally consider that the current RMB investment channels, particularly in respect of RMB bonds, are relatively narrow. While 11 insurance companies in Hong Kong have been approved by the People's Bank of China to enter the Mainland's interbank bond market since March 2012, insurance companies without a quota for the Mainland interbank bond market could only arrange asset allocation for their RMB-denominated insurance policies through offshore RMB investment products such as dim sum bonds, RQFII funds, reinsurance products, RMB-denominated shares, exchange-traded funds ("ETF") and real estate investment trusts listed in Hong Kong. However, the costs for these investment channels are generally higher.

### **Policy recommendations on development of CEPA**

15. Having duly considered the opinions of industry professionals, we suggest in the following paragraphs nine supplementary measures for CEPA in respect of banking, securities, futures, asset management and insurance industries, with a view to further deepen the development of and cooperation between the financial services industry of the Mainland and Hong Kong.
16. **Negative list** – To further enhance the contents of CEPA, we suggest emulating the negative list concept adopted in the Shanghai Free Trade Zone. We also suggest that the negative list and CEPA should become the regulatory basis for the future Guangdong-Hong Kong-Macau Free Trade Zone. Currently, 139 restricted activities have been included in the negative list of the Shanghai Free Trade Zone, and all activities other than those on the negative list are allowed in principle. Compared to the rules and regulations of the Shanghai Free Trade Zone, CEPA has been implemented for 11 years. The proposed Guangdong-Hong Kong-Macau

Free Trade Zone will also benefit from its close proximity to Hong Kong's financial professionals and information technology infrastructures. We believe that, with the effective implementation of a negative list within the CEPA framework, the potentials of the Guangdong-Hong Kong-Macau Free Trade Zone could be maximised, and the entire free trade zone, including Hong Kong, would benefit accordingly.

17. **Expanding the “cross-location sub-branches” measure** – Supplement VI to CEPA allows Hong Kong banks to set up “cross-location sub-branches” in Guangdong Province and so far about 60 sub-branches of such type have been set up. We believe that this measure has reached a mature stage and gradual expansion to more provinces in the Mainland could be considered. We consider that all Mainland branches of Hong Kong banks which have achieved certain level of business volume and fulfilled certain conditions should be allowed to benefit from this expanded measure.
18. **Allowing small and medium sized securities and futures companies in Hong Kong entering the Mainland by way of cooperation** – To support small and medium sized securities and futures companies in Hong Kong to develop their business in the Mainland, we recommend that they be allowed to enter the Mainland market by way of cooperation with partners. This would facilitate these companies' fulfillment of the relevant thresholds for entering the Mainland market, including the requirements on capital and operating experience.
19. **Allowing Hong Kong introducing brokers entering the Mainland market** – We suggest that an arrangement of introducing brokers and executing brokers be introduced. Under the arrangement, introducing brokers in Hong Kong would receive funds and orders from their clients, and then transfer the orders to the executing brokers in the Mainland who would in turn place orders for stocks and futures and handle their settlement. We believe that this arrangement would be mutually beneficial to both the Mainland and Hong Kong. We suggest that this liberalisation arrangement could initially be introduced as a pilot programme in Guangdong Province, particularly in the proposed free trade zone.
20. **Allowing the establishment of mutual funds for Hong Kong stocks in the Mainland** – ETFs for Hong Kong equities portfolios have been launched in the Mainland under Supplement VII to CEPA. To further deepen the cooperation between the Mainland and Hong Kong for the development of financial products

and to enhance the diversity of investment channels for investors in the Mainland, we suggest that Hong Kong financial institutions be allowed to distribute in the Mainland, by way of cooperation with partners, open-end mutual funds targeting investment in stocks listed in Hong Kong.

21. **Mutual recognition mechanism for investment funds** – To further strengthen the financial cooperation between the Mainland and Hong Kong, we suggest that investment funds established and registered in the Mainland could be distributed in the Hong Kong market, and vice versa.
22. **Lowering the threshold for Hong Kong insurance companies entering the Mainland** – Under CEPA, a Hong Kong insurance company must have at least US\$5 billion of assets and not less than 30 years of operating experiences before it may enter the Mainland’s insurance market. Also, insurance companies meeting these requirements may only enter the Mainland in the form of a joint venture, and hold not more than 24.9% of the share capital in the joint venture. We consider that there is room for these requirements to be relaxed, and suggest that the relevant thresholds be lowered to, respectively, at least RMB2 billion of assets, not less than 20 years of operating experiences, and a cap of 50% of share capital in a joint venture insurance company in the Mainland.
23. **Allowing Hong Kong insurance brokerage companies to set up wholly-owned insurance agency companies outside Guangdong Province** – Supplement VIII to CEPA allows Hong Kong insurance brokerage companies to set up insurance agency companies in Guangdong Province. To facilitate the development of insurance industry in the Mainland, we believe that it is feasible for this liberalisation measure be expanded for implementation on a nationwide basis.
24. **Relaxing Hong Kong insurance companies’ investment channels in the Mainland for RMB insurance capital** – We suggest that for the purpose of further regularisation of onshore RMB investment activities, the current investment channels and restrictions applicable to the RMB insurance capital of Hong Kong insurance companies should be relaxed in respect of bonds, equities and other financial assets in the Mainland.



## 簡介

1. 為了規劃一個深化實施《內地與香港關於建立更緊密經貿關係的安排》（“CEPA”）金融措施的路線圖，香港金融發展局（“金發局”）特以 CEPA 為題進行有關研究工作。金發局就如何加深 CEPA 的發展，尤其是對香港的銀行、證券、期貨、資產管理和保險業提供支持方面，以問卷、討論會、直接面談的方式諮詢了業內的專業人士。
2. 在諮詢期間，我們注意到市場有意見認為上海自貿區的成立可能為 CEPA 帶來競爭。然而根據業內專業人士的意見，我們諮詢的結論是，在目前的 CEPA 框架下仍有很多可探索的發展空間；我們認為上海自貿區應被視為一個中國願意加快、加深經濟和金融改革的標誌，而這亦意味著 CEPA 未來將會有更多的開放措施。
3. 本報告以業界的提議及我們的分析為基礎，分為兩個部份：(i) 回顧 CEPA 及其推行以來的發展，和對香港整體經濟及金融服務業的影響；(ii) 針對香港銀行、證券、期貨、資產管理和保險業界的有關 CEPA 政策發展的具體建議。

## CEPA 的發展情況及成果

### CEPA 的發展情況及對香港經濟的貢獻

4. CEPA 是內地與香港之間的第一個自由貿易協議，於 2004 年 1 月 1 日開始全面實施。自此，一系列的補充協議亦隨著經濟發展陸續推出，進一步打開並加強香港與內地之間的經貿關係。CEPA 主要涉及三大領域：貨物貿易、服務貿易和貿易投資便利化，當中涉及多個行業。
5. CEPA 採取循序漸進的方法，透過雙方不斷緊密合作、定期檢討與引

進更多開放措施。在 2004 年 10 月 27 日至 2013 年 8 月 29 日之間，已有十個 CEPA 補充協議簽署和落實，進一步的深化了 CEPA 的開放措施和成效。

6. CEPA 對香港經濟的貢獻巨大，自 CEPA 實施後至 2008 年，香港的本地生產總值以按年 6% 以上的速度蓬勃增長。儘管受到金融危機的影響，香港經濟比其他地區和國家以更快的速度復甦反彈，這無疑跟香港與內地經濟的緊密聯繫息息相關。就業方面，香港的失業率自 CEPA 出台後一直維持於低水平。活躍的勞動市場和穩健的勞動參與率反映 CEPA 為香港帶來更多的工作種類和更好的就業機會。

## 金融服務業在 CEPA 實施後的發展情況

### **銀行業方面**

7. CEPA 及其補充協議使香港銀行更容易進入內地市場，並使它們有更大的靈活性在當地提供金融服務，特別在貸款、保險和互惠基金的營銷方面。這些開放措施加強了香港銀行在外圍市場波動下的競爭力和盈利能力。
8. CEPA 於 2004 年全面實施時，有七間香港註冊銀行因資產要求的調低而受惠，符合在內地開設分行的資格。截至 2004 年底，當中四間獲批准在內地開設分行。及後，隨著 CEPA 補充協議進一步放寬香港銀行在內地市場營運的限制，至 2013 年底，13 間本地註冊銀行已在內地建立了業務，並在當地經營超過 440 間分行/支行。
9. 自 CEPA 成立以來，內地日益成為香港銀行的一個重要市場。2013 年年底，香港銀行體系整體資產負債表中內地非銀行類客戶的風險承擔總額相當於 31,613 億港元，佔總資產的 17.3%，其中由香港銀行在內地註冊附屬機構入帳的風險承擔相當於 7,734 億港元。與 2012 年相比，這類資產負債表內的風險承擔總額增長 30.6%。

### **證券、期貨和資產管理業方面**

10. CEPA 的實施亦使證券、期貨和資產管理業取得重大進展，特別是內地證券及資產管理公司的香港附屬公司現今已擁有龐大的資產管理規模，並透過人民幣境外合格機構投資者（“RQFII”）的途徑在跨境投資方面起了舉足輕重的作用。
11. 根據 CEPA 補充協議四，內地基金管理公司獲准在香港設立子公司並經營相關業務，認可單位信託及互惠基金的資產淨值自 2008 年起增加了 99.6% 至 2013 年的 12,540 億美元。
12. 2011 年 12 月 13 日簽訂的 CEPA 補充協議八允許以 RQFII 方式投資境內證券市場。2013 年 3 月，RQFII 資金的投資限制獲進一步放寬，使機構可根據市場情況自主決定產品類型。RQFII 的原本投資限制是不低於 80% 在固定收益資產而股票資產不超過 20%。這項開放措施加大了行業於在岸投資產品方面的投資空間和多樣性。

### **保險業方面**

13. CEPA 及其補充協議放寬了香港的保險公司、代理公司和經紀公司進入內地保險市場的限制。CEPA 亦允許香港居民在取得內地保險從業資格後，可以在內地從事保險業務。儘管如此，我們的諮詢結果顯示香港保險公司對通過允許合資或設置附屬公司進入內地保險市場的措施反應只屬一般。這主要是由於持股上限較低和審批程序較複雜所致。
14. 投資業務方面，香港保險公司普遍認為目前人民幣投資管道，特別是人民幣債券方面比較狹窄。自 2012 年 3 月，中國人民銀行已批准了 11 間香港保險公司進入內地銀行間債券市場。然而，沒有內地銀行間債券額度的香港保險公司則只能通過離岸人民幣投資產品，如點心債、RQFII 基金、再保險產品、香港上市的人民幣計價股票、交易型開放式指數基金（“ETF”）和房地產投資信託基金，為以人民幣計價的保險計劃提供資產配置，但這些投資管道的成本普遍較

為高昂。

## CEPA 政策發展建議

15. 在充份考慮了業界人士的意見後，我們提出了下列九點有關銀行、證券、期貨、資產管理和保險業的 CEPA 補充措施的建議，期望能進一步深化內地與香港之間金融行業的發展與合作。
16. **負面清單** - 為進一步深化 CEPA 的內容，我們建議仿效上海自貿區負面清單的方式，並建議負面清單與 CEPA 成為將來粵港澳自貿區的規管基礎。現時，上海自貿區把受限制的 139 項活動包括在負面清單之內，而負面清單以外的業務基本上是允許的。相對於上海自貿區，CEPA 已經實施了 11 年，而建議中的粵港澳自貿區將享受鄰近香港的金融人才及資訊基礎建設等優勢。我們相信，負面清單在 CEPA 框架內的有效實施，將有助於包括香港在內的粵港澳自貿區發揮最大的潛力，令整個自貿區都因而受惠。
17. **擴大「異地支行」措施** - CEPA 補充協議六允許香港銀行於廣東省設立「異地支行」。目前香港銀行在廣東省已經建立了大約 60 家這類型的支行。我們相信，這項措施已經發展成熟，並可考慮逐步擴大實施至更多的省份。我們認為所有已經達到一定業務規模及條件的香港銀行的內地分行，都應受惠於這項擴充措施。
18. **允許香港中小型證券和期貨商以合作形式進入內地** - 為了支持香港中小型證券和期貨商在內地的營商發展，我們建議允許它們通過夥伴合作的形式進入內地市場，從而滿足進入內地市場的相關資本要求和營運經驗等門檻。
19. **開放香港介紹經紀商進入內地市場** - 我們建議引入介紹經紀商和執行經紀商的安排。由香港的介紹經紀商收取客戶的資金及訂單，將訂單傳遞到內地的執行經紀商，再由內地的執行經紀商進行股票和期貨的落盤和結算。我們相信這個安排對內地與香港兩地是互惠互惠的。我們建議此開放措施可以在廣東省，特別是在建議中的自

貿區先行先試。

20. **允許在內地設立香港股票互惠基金** - 根據 CEPA 補充協議七，港股組合的 ETF 已在內地推出。為進一步深化內地與香港之間開發金融產品的合作和提高內地投資者投資管道的多元性，我們建議允許香港金融機構通過夥伴合作的形式在內地推出以投資香港上市股票為目標的開放式互惠基金。
21. **投資基金互認機制** - 為加強內地與香港之間的金融合作，我們建議在內地成立和註冊的投資基金可以在香港市場進行銷售，反之亦然。
22. **降低香港保險公司進入內地的門檻** - CEPA 要求香港的保險公司必須最少有 50 億美元資產及不低於 30 年的營運經驗才可以進入內地的保險市場。而滿足這要求的保險公司只能以合資企業形式進入內地，並持有該合資企業不超過 24.9% 的股權。我們認為這些要求存在放寬空間，並建議把相關門檻分別降低至最少 20 億人民幣資產、不低於 20 年的營運經驗、和最高可以持有國內合資保險公司 50% 的股權。
23. **允許香港保險經紀公司在廣東省以外設立全資保險代理公司** - CEPA 補充協議八允許香港的保險經紀公司在廣東省成立保險代理公司。為促進保險業在內地的發展，我們相信這開放措施有條件擴展至全國範圍實施。
24. **放寬香港保險公司人民幣保險資金在國內的投資管道** - 我們建議放寬香港保險公司人民幣保險資金在內地的債券、股票及其他金融資產的投資管道和現有限制，進一步實現在岸人民幣投資常規化。





## About the Financial Services Development Council

The Hong Kong SAR Government announced in January 2013 the establishment of the Financial Services Development Council (FSDC) as a high-level and cross-sector platform to engage the industry and formulate proposals to promote the further development of Hong Kong's financial services industry and map out the strategic direction for development. The FSDC advises the Government on areas related to diversifying the financial services industry, enhancing Hong Kong's position and functions as an international financial centre of our country and in the region, and further consolidating our competitiveness through leveraging the Mainland to become more global.

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## 關於香港金融發展局

香港金融發展局於二零一三年一月由特區政府宣布成立，為高層和跨界別的平台，就如何推動香港金融業的更大發展及金融產業策略性發展路向，徵詢業界並向政府提出建議。金融發展局會集中研究如何進一步發展香港金融業，促進金融業多元化，提升香港國際金融中心在國家和地區中的地位和作用，並背靠國家優勢、把握環球機遇，以鞏固本港的競爭力。

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