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Foreword

Building Consensus and Working Together for a New Chapter in the High-Standard Opening-up of the Fund Industry

Over 35 years of development, China's capital market has evolved from nothing to something, from something to refinement, and from refinement to robustness, forging ahead with relentless determination, bearing the mission of reform and opening up in mind. The fund industry, in particular, has been committed to internationalization despite the challenges posed by the complex and ever-changing global economic and financial environment. It has embraced innovation, empowered technological advancements, and demonstrated resilience in maintaining an open and thriving market.

We firmly believe that opening up means not only open policies, mechanisms, or markets for both domestic and overseas participants, but also an important initiative concerning enhancing mutual trust and building consensus. Therefore, strengthening industry cooperation and communication has been a priority for China's fund industry.

As one of China's most open cities, Shanghai offers a pro-market, law-based business environment that attracts domestic and international financial institutions as well as top-tier financial professionals. Globally, it is among the leading cities in terms of the concentration of financial institutions, the breadth of financial markets, and a welcoming business atmosphere.

During the 14th Five-Year Plan period, Shanghai made solid progress in building itself into an international financial center. Notable advances were achieved in financial market development, financial institution capacity building, financial infrastructure improvement, and the high-level two-way opening up of the financial sector. Leveraging major national strategies such as the Pudong Pioneer Area, the Pilot Free Trade Zone, and the Lin-gang Special Area, Shanghai pressed ahead with institutional innovation and pilot reforms in finance. It generated a series of replicable, scalable reform experiences—including the cash-pooling program that integrates domestic and foreign currency management for multinationals, internationalization of payment services, functional upgrading of the free trade account system, and cross-border data flow management. Together, these have made Shanghai a testing ground and bellwether

for China's financial opening-up. In this 15th Five-Year Plan period, Shanghai will further expand its cross-border and offshore financial service functions and develop an offshore finance (economy) functional zone. It will strengthen connectivity between domestic and overseas financial markets, and accelerate the building of a global RMB asset allocation center and a risk management center. These efforts will lay a solid foundation for essentially building a strong international financial center by 2035 that is commensurate with China's comprehensive national strength and international influence.

Shanghai is also one of the birthplaces of China's fund industry. It has witnessed every significant moment of the industry, including the creation of the first batch of fund companies in China; the first wave of Sino-foreign joint venture fund management companies; the first closed-end, open-end, index, money market, and Qualified Domestic Institutional Investor ("QDII") funds; the first wholly foreign-owned public fund manager; and the first wholly foreign-owned private securities fund manager ("WFOE PFM"). Shanghai today—with deeper connectivity mechanisms, ever-more friendly foreign investment policies, and an expanding range of financial services—is demonstrating its confidence and determination to achieve greater financial openness and innovation as well as to build itself into a global asset management center and fintech center.

As the first official guidebook prepared by a Chinese city for overseas asset managers, the ***Shanghai Guidebook for Overseas Asset Manager*** (2026)—with the same spirit as its previous editions—tracks the progress of Shanghai's financial opening-up and regulatory policy, and systematically reviews macroeconomic and industry data. Its aim is to provide timely guidance and practical reference for overseas asset managers seeking to do business in China and in Shanghai particularly.

On the policy front, this year's Guidebook aligns closely with the *Opinions on Supporting the Accelerated Building of Shanghai into an International Financial Center* issued by the Central Financial Commission, as well as with the relevant arrangements in the outline of Shanghai's 15th Five-Year Plan. It focuses on offshore finance and the development of a global RMB asset allocation center, and updates on progress in optimizing institutional mechanisms such as the Qualified Foreign Institutional Investor (QFII) scheme and the cash-pooling program that integrates domestic and foreign currency management.

In terms of regulation, the Guidebook adds supporting rules for public funds, including the *Administrative Measures Governing Sales Charges for Publicly Offered Securities Investment Funds*; introduces the "1+N+X" regulatory framework for private funds; and, reflecting the new Value-Added Tax Law, adds information on how financial products are taxed—a matter of interest to asset managers.

Regarding data, this edition adds trends in annual GDP growth and updates macroeconomic indicators such as China's GDP, China's actual use of foreign investment, size of the wealth management market, cross-border RMB settlement volume, and foreign institutional bond holdings. It also adds longer-term figures on the size of the asset management industry, the size of the fund industry, and the number and size of foreign-invested financial institutions.

At the industry level, the book examines the market concentration and product structure of public funds, and assesses how effectively high-quality development measures have been implemented. It also covers the growth of the private fund industry and its high-quality development.

We sincerely welcome overseas asset managers to do business in China and in Shanghai in particular, and to create synergies with domestic asset managers, so as to provide Chinese investors with a richer selection of asset management services and, at the same time, to benefit from China's economic growth.

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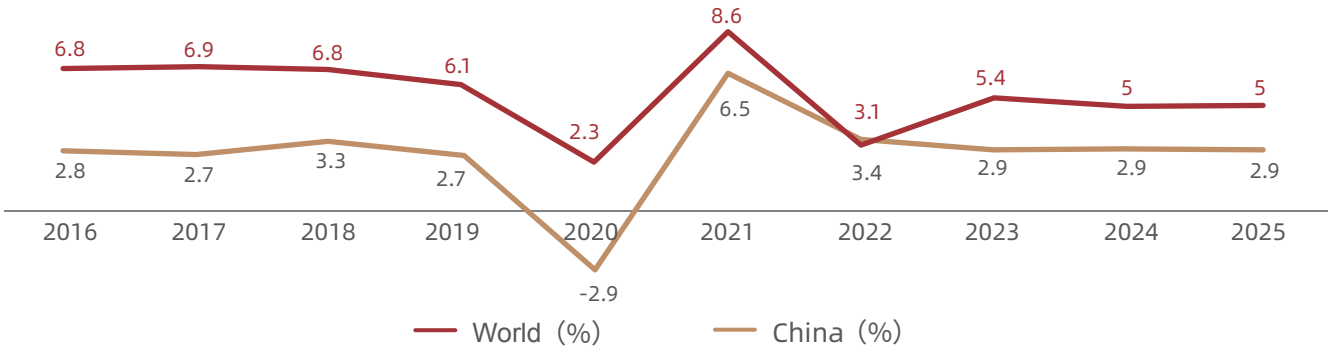
Chapter 1 Why China

1. Important Role of China in the Global Economy

As a pivotal engine of global economic growth, China saw its GDP grow by 5% in 2025, crossing the RMB 140 trillion mark for the first time. At the average annual exchange rate, that was worth USD 19.63 trillion—close to the combined GDP of the world's third-through seventh-largest economies.[1] During the 14th Five-Year Plan period (2021–2025), China added more than RMB 36 trillion in GDP, equivalent to the annual GDP of the world's third-largest economy; growth averaged 5.4% a year, above the global rate of about 3.7% over the same period and near the top among major economies. Over the past five years, China has steadily accounted for around 30% of global growth.

Even as global growth comes under pressure, China's enormous market has remained broadly attractive to foreign investors, demonstrating strong resilience. In 2025, newly established foreign-invested companies totaled 70,392, up 19.1% year on year (YoY), and actual use of foreign investment reached RMB 747.69 billion[3].

Figure 1: Annual GDP Growth in the World and China (Mainland) over the Past 10 Years[2]



2. Huge Prospects of Wealth Management Market

From 1952 to 2025, China's GDP surged from RMB 67.91 billion to RMB 140.19 trillion, accounting for approximately 16.5% of the world economy. GDP per capita climbed from RMB 119 to RMB 99,665, underpinning a leap in household wealth[4]. As the world's second-largest wealth market, China saw its financial wealth grow by 15% in 2025 and is expected to achieve an average annual growth of 9% through

1 Source: National Bureau of Statistics, http://www.scio.gov.cn/ 2 Source: GDP growth rate (annual percentage), public data from the World Bank
3 Source: National Bureau of Statistics 4 Source: Statistical Communique of the People's Republic of China on the 2025 National Economic and Social Development

2030[5]. By the first half of 2025, the total investable assets of Chinese residents had exceeded RMB 300 trillion, and the middle-income group continued to expand. The country also has a substantial number of high-net-worth households—those with RMB 6 million in assets reached 5.06 million, those with RMB 10 million reached 2.005 million, and those with RMB 100 million in assets reached 126,000[6]. Rapid wealth growth and a vast high-net-worth base are accelerating the release of wealth management demand.

The ***China Asset Management Market 2025–2026*** report shows that China's asset management market stood at RMB 175.2 trillion at the end of 2025, up 12.1% YoY, and is expected to grow by 5% or more annually over the next five years. For households, public funds and bank wealth management products have become central to their asset allocation, with individual holdings of public funds rising 21.7%; trust products, private investment funds, and private asset management products all grew in tandem[7]. Rising wealth management awareness among households leaves China's asset management industry with more room to grow.

3. A Continuously Opening Financial Market

3.1 RMB Internationalization and the Integration of China's Capital Market into the Global Economic System

3.1.1 Progress in RMB Internationalization

In 2025, RMB internationalization advanced steadily and prudently. The RMB accounted for roughly 8% of global trade finance, making it the world's second-largest trade finance currency; about 3.1% of global payments, ranking it fifth[8]; and around 2.8% of global reserves, also ranking it fifth[9].

By improving cross-border RMB use, expanding local currency swap cooperation, and enhancing connectivity programs, China has continuously raised the international appeal of RMB assets. In 2025, cross-border RMB settlement came at RMB 70.6 trillion, up 10.2% YoY[10]; the Cross-Border Interbank Payment System (CIPS) processed 8.4419 million transactions totaling RMB 180.15 trillion. By the end of June 2026, the system had 1,829 participants across 124 countries and regions, and its services covered 190 countries and regions through more than 5,000 incorporated banking institutions[11].

In 2026, RMB internationalization notched major breakthroughs. In June, the offshore RMB foreign exchange trading pilot was launched in the Shanghai Pilot Free Trade Zone, with the first 125 transactions amounting to RMB 7.238 billion. In addition, the People's Bank of China (PBOC) planned to provide RMB liquidity to eligible overseas central bank-like institutions through the RMB Repo Facility for Foreign and International Monetary Authorities, or FIMA RMB Repo. This would further strengthen the RMB's reserve-currency function. In August, Hong Kong listed the world's first offshore Chinese government bond futures, expanding the offshore RMB product lineup and marking a milestone in RMB internationalization.

3.1.2 Continuous Integration of China's Capital Market into the Global Financial System

As China gains influence and recognition in international capital markets, Chinese A shares and bonds have steadily gained weight in international indices.

In 2018, Chinese A shares were included in the MSCI Emerging Markets Index for the first time; in 2019, they were successively included by FTSE Russell and S&P Dow Jones in their global equity index systems. A shares now have inclusion factors of 20% or higher in all three major international indices.

Since 2019, Chinese bonds have also been gradually included in three key global indices of Bloomberg Barclays, J.P. Morgan, and FTSE Russell, with their weightings consistently increasing in recent years: currently, Chinese government and policy bank bonds account for 9.7% of the Bloomberg Barclays Global Aggregate Index (BBGA), ranking third

5 Source: Global Wealth Report 2026, BCG (*Note: Financial wealth in the report refers to investable financial assets such as cash, deposits, stocks, bonds, and funds.)
6 Source: BEA · Hurun Wealth Report 2025 7 Source: China Asset Management Market 2025-2026, China Everbright Bank and Everbright Wealth Management
8 Source: SWIFT 9 Source: IMF 10 Source: 2026 White Paper on the Global Use of RMB, BOC 11 Source: CIPS

globally. Chinese government bonds have reached the maximum country weighting of 10% in the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM). They also make up 10% of the FTSE World Government Bond Index (WGBI), making China the second-largest market in the index [12].

3.2 Opening up of the Capital Market

As the demand for Chinese assets keeps rising, China has established numerous mechanisms to make its capital market more accessible to foreign investors.

3.2.1 QFII and RQFII

In 2003, China established the Qualified Foreign Institutional Investor (QFII) scheme to make its capital market accessible to foreign institutional investors. In December 2011, the RMB Qualified Foreign Institutional Investor (RQFII) scheme was introduced on a pilot basis to permit investment of offshore RMB in the Mainland.

In September 2019, the SAFE removed the investment quota for QFII and RQFII.

In September 2020, CSRC, PBOC, and SAFE released the ***Administrative Measures for Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors***, which integrated the QFII and RQFII qualification and regulatory rules. The measures further improved the scheme's convenience by easing entry conditions, simplifying market-entry procedures, and expanding the scope of permissible investments.

In September 2022, QFIIs and RQFIIs were allowed to trade an initial set of 41 commodity futures and options products; in June 2025, to trade on-exchange ETF options; and in April 2026, to trade government bond futures for hedging purposes only[13].

In October 2025, with the release of the ***Work Plan for Optimizing the Qualified Foreign Institutional Investor Regime***, the QFII/RQFII regime was further refined. First, procedures such as qualification approval and account opening registration were streamlined and consolidated to speed up market access. Second, categorized access management was introduced, opening a green channel for allocation-oriented foreign capital (such as sovereign funds, international organizations, pension funds, and charitable funds), substantially shortening approval timelines.

As of June 2026, 990 foreign institutions from more than 40 countries and regions had been approved as QFIIs[14].

3.2.2 QDII and QDLP

China's QDII program was launched in April 2006, when PBOC and other government departments issued the ***Interim Measures for the Administration of Commercial Banks' Overseas Wealth Management Services for Clients***. In June of the same year, public funds were granted QDII licenses.

The QDII scheme, along with the QFII and RQFII programs, represents a major component of the two-way opening-up of China's capital market by enabling domestic financial institutions to invest overseas. As of June 2026, QDII investment quotas were granted to 193 financial institutions, comprising 43 banks, 78 securities institutions (including public funds, securities companies, and asset management subsidiaries of securities companies), 48 insurance companies, and 24 trust institutions. The cumulative quotas granted to the banking, securities, insurance, and trust firms amounted to approximately USD 176.169 billion[15]. In September 2026, BlackRock Fund was granted QDII qualification, becoming the first newly established foreign-owned public fund manager to obtain it—a new step forward in the cross-border expansion of foreign-owned public fund managers.

In 2013, the Qualified Domestic Limited Partner (QDLP) pilot program was launched in Shanghai, with a USD 300 million total quota approved for the first group of six major overseas hedge funds—Man Group, Winton Capital Management, Oaktree Capital Management, Citadel, Sculptor Capital (formerly Och-Ziff Capital), and Canyon Capital. Since then, several cities have obtained QDLP pilot quotas and started their own QDLP programs, paving the way for

12 Source: Yicai Finance 13 Source: CSRC
14 Source: List of QFII Holders (June 2026), CSRC 15 Source: QDII Investment Quota Approval Table, SAFE

more overseas asset managers to launch and grow their businesses in China.

In 2026, the ***Several Opinions on Deepening the Building of Shanghai as a Global Asset Management Center***, issued by the General Office of the Shanghai Municipal People's Government, set out further improvements to the QDLP pilot: first, streamlining the procedures for establishing entities and enhancing cross-border investment facilitation; and second, improving quota utilization efficiency and promoting the revolving use of quotas.

3.2.3 Stock Connect: Shanghai-Hong Kong and Shenzhen-Hong Kong

On November 17, 2014, the Shanghai-Hong Kong Stock Connect was officially launched. This was followed by the introduction of the Shenzhen-Hong Kong Stock Connect on December 5, 2016. Since their launch, the connect programs between the Chinese Mainland and Hong Kong have gradually expanded from stocks to bonds, ETFs, interest rate swaps, and other products. They have significantly improved the efficiency and convenience of cross-border investment between the two places and have become a bridge for two-way capital flows between China and the world.

In 2025, both northbound and southbound trading hit new highs, as international investors stepped up their A-share investment. The average daily turnover of the Shanghai Stock Connect and Shenzhen Stock Connect reached RMB 212.4 billion, up 42% YoY; the average daily turnover of the Hong Kong Stock Connect hit a record HKD 121.1 billion, up 151% YoY. As of the end of 2025, northbound turnover totaled RMB 50.33 trillion, while southbound turnover came to HKD 28.7 trillion[16].

3.2.4 Opening up of the Interbank Bond Market: CIBM Direct, Bond Connect, and Swap Connect

In August 2010, three types of overseas institutions including RMB settlement banks were permitted to access China's interbank bond market. This marked the official opening of China's bond market and established the "CIBM Direct" access model, through which overseas institutions enter the market directly.

In 2017, the Bond Connect channel was launched. Northbound trading commenced trial operation in July that year, while southbound trading started in September 2021, enabling the two-way opening up of China's bond market.

In May 2023, Swap Connect debuted, allowing overseas investors from Hong Kong and other countries and regions to participate in the Mainland's interbank interest rate swap market through mutual access between the two markets' financial infrastructures. Since its inception, Swap Connect has undergone multiple enhancements: in 2024, it introduced interest rate swap contracts with payment dates on International Monetary Market dates, and supported backdated and forward start trades and solo compression; in June 2025, it extended the contract tenor to 30 years; and in October of the same year, it optimized the dealer management mechanism and raised the daily net trading limit to RMB 45 billion.

In 2025, Southbound Bond Connect program broadened its scope of eligible domestic investors to include four types of non-bank institutions: securities companies, funds, insurance companies, and wealth management subsidiaries; in 2026, the net investment quota of southbound trading was raised to RMB 800 billion, and the product scope was expanded to cover the Macao bond market.

As of the end of June 2026, overseas institutions held a total of RMB 3.2 trillion of bonds in the interbank market, and 1,200 overseas institutional entities had entered the market. Bonds under the custody of the China Central Depository & Clearing Co., Ltd. (CCDC) totaled RMB 2.76 trillion, of which RMB 2.18 trillion, or 78.83%, were held through CIBM Direct, and RMB 585 billion through Bond Connect[17].

3.2.5 Mutual Opening up of Public Funds

Through institutional design and product expansion, the fund industry has gradually built a multi-market, multi-tiered cross-border connectivity system. In

16 Source: 2025 Market Statistics, Hong Kong Exchanges and Trading Services Limited
17 Source: Monthly Report on Overseas Institution Business in the Interbank Bond Market, June 2026, CCDC

2015, the Mainland–Hong Kong Mutual Recognition of Funds scheme was rolled out. In January 2025, the ***Provisions on the Administration of Recognised Hong Kong Funds*** (the "New Rules") took effect, further optimizing the mutual recognition mechanism between the two places. The cap on the proportion of Hong Kong mutual recognition funds sold in the Mainland market was raised to 80%, and restrictions on the delegation of investment management functions were duly relaxed. After the New Rules came into force, funds managed by J.P. Morgan, Fidelity, BlackRock, Allianz, and other foreign institutions were successively approved as recognized Hong Kong funds.

In July 2022, ETFs were included in the Mainland–Hong Kong connect mechanism (the "ETF Connect"). Through several expansions, the total number of ETF Connect products has grown from the initial 87 to 364. In 2025, northbound investment in the Mainland capital market through ETF Connect totaled RMB 816.582 billion, a record annual high.

In April 2019, the China-Japan ETF Connect program was introduced, with the first four ETF products listed on the Shanghai Stock Exchange (SSE). In 2022, the first China-Singapore ETF Connect products debuted, and by 2025 the number had grown to 10. In May 2025, the first product under the ETF Connect between the SSE and B3 (Brasil, Bolsa, Balcão) began trading, marking the first time that the ETF Connect has extended to the South American market. The program now covers Japan, Germany, France, South Korea, Saudi Arabia, Brazil, and other countries and regions, offering overseas investors convenient investment tools for gaining exposure to the Chinese market.

In June 2025, the ETF Connect program celebrated its third anniversary. The number of its products reached 265—an increase of 178 since its launch. According to Wind data, in May this year, the northbound trading turnover hit RMB 41.514 billion, representing a 95-fold increase compared to the program's first month of operation in July 2022. Meanwhile, the southbound trading turnover totaled HKD 46.039 billion, surpassing the figure from the same period last year.

3.3 Opening-up Policies for Institutions

3.3.1 Public Fund Management Companies

China has lifted the foreign ownership cap for fund management companies as of April 1, 2020.

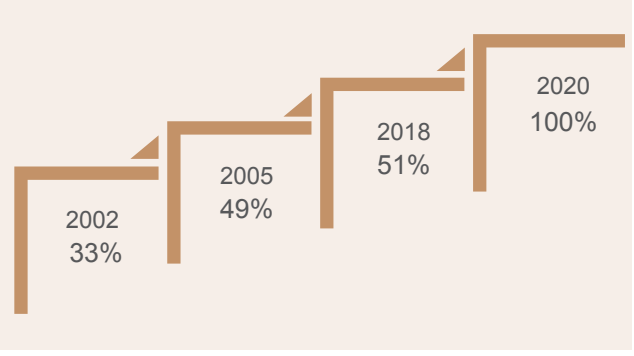
In June 2021, CSRC granted a license to BlackRock Fund Management, Co. Ltd., marking the establishment of China's first wholly foreign-owned public fund management company. In September, BlackRock Fund Management launched its first public fund, raising about RMB 6.881 billion from more than 111,000 subscribers.

In the four years that followed, Fidelity Fund, Neuberger Berman Fund, AllianceBernstein Fund, Allianz Fund, and others had successively received CSRC approval for establishment and formally commenced business in China.

In November 2022, the CSRC approved the equity transfer of Manulife Teda Fund Management, giving Manulife Investment Management full ownership of the firm—the first conversion of a joint venture into a wholly foreign-owned public fund. In 2023, J.P. Morgan Asset Management and Morgan Stanley Investment Management also successively received approval to complete their conversions from joint ventures to wholly foreign-owned entities.

As of now, there are nine wholly foreign-owned public fund management companies operating in China.

Figure 2: Progression of Foreign Ownership Cap for Fund Companies



3.3.2 Private Securities Fund Managers

On June 30, 2016 with CSRC's approval, the Asset Management Association of China (AMAC) released the ***FAQs on the Registration and Filing of Private Funds (No. 10)***, allowing foreign-invested financial institutions to set up wholly foreign-owned private securities fund managers (WFOE PFMs) in China.

In January 2017, FIL Investment Management (Shanghai) Co., Ltd. became the first wholly foreign-owned private securities fund manager to register in China. After that, more well-known foreign institutions, including UBS, Fullerton, Man Group, Value Partners, Invesco, Neuberger Berman, Aberdeen Standard, BlackRock, and Schroders, completed their registration process.

In February 2019, the first wave of foreign-invested private fund managers (PFMs) became eligible to offer investment advisory services and were granted access to the interbank bond market. In June the same year, restrictions on foreign-invested private funds' participation in the Hong Kong Stock Connect were removed.

In September 2020, QFIIs/RQFIIs were permitted to invest in private funds and to engage domestic private fund managers under their control or under common control with them to provide investment advisory services.

During 2024 and the first half of 2025, institutions such as Aspect and VanEck completed their registration as private securities fund managers, further expanding China's cohort of WFOE private securities fund managers.

As of the end of 2025, there were 31 registered WFOE PFMs in existence in China[18].

3.3.3 Private Equity Fund Managers

Thanks to China's increasingly favorable opening policies for capital accounts, foreign capital now has much greater flexibility in choosing where and how to invest in China's equity market.

In January 2011, Shanghai officially issued the ***Implementing Measures for the Pilot Program of Foreign-invested Equity Investment Enterprises in Shanghai***, marking the launch of the QFLP pilot scheme in the Mainland. This scheme gives foreign investors more ways to access the Chinese market. Over 30 cities and regions, including Beijing, Tianjin, Chongqing, Shenzhen, Qingdao, Guizhou, Pingtan, Zhuhai, Guangzhou, Xiamen, Suzhou, Hainan, Nanning, Nanjing, and Xiong'an New Area have since launched their own version of the scheme. These pilot regions show certain differences in approval procedures, quota management, and tax policies.

In February 2023, the CSRC unveiled a pilot scheme for real estate private equity funds, encouraging foreign investment through the QFLP program.

In 2025, three newly established WFOE private equity and venture capital fund managers completed their registration. They are True Light (Shanghai) Private Equity Fund Management Co., Ltd., a subsidiary of Temasek; EARNEST Partners Private Capital Fund Management (Beijing) Co., Ltd., under the U.S. asset manager Earnest Partners; and Hines (Shanghai) Private Equity Fund Management Co., Ltd., backed by the Hines Group. These developments reflect accelerated foreign investment in the Chinese market.

As of the end of 2025, there were 142 WFOE private equity and venture capital fund managers operating in the Chinese market[19].

4. Complete RMB Price Benchmark System

4.1 Chinese Treasury Bond Yield Curves

As an important indicator of monetary and fiscal policies, and one of the important financial risk parameters, Chinese treasury bond yield curves compiled by ChinaBond Pricing Center Co., Ltd. (CBPC), a wholly owned subsidiary of CCDC, are widely used by the Ministry of Finance (MOF), the PBOC, the State Administration of Financial Supervision and Administration, and other

18 Source: wind
19 Source: wind

government departments, and displayed on their official websites. The three-month ChinaBond government bond (CGB) yield is used by the IMF as a representative RMB interest rate to calculate the SDR interest rate. CBPC publishes nearly 4,000 yield curves of various types, including government bond yield curves on a daily basis. This complete suite of yield curves accurately reflects the price and risk changes in the bond market and provides a pricing reference for more than RMB 200 trillion of financial assets. CGB yield curves are used by nearly 1,300 domestic and foreign institutions for pricing analysis and risk monitoring.

4.2 Benchmark Indices in China's Bond Market

ChinaBond New Composite Index, ChinaBond Treasury Bond Aggregate Index, ChinaBond Finance Bond Aggregate Index, and ChinaBond Credit Bond Index, all provided by CBPC, are the major benchmark indices reflecting the overall trend and yield of the RMB bond market. ChinaBond indices are a leading RMB bond index brand in China, with more than 1,600 indices published, including benchmark indices, theme indices, green and sustainability indices, strategy and factor indices, multi-asset indices, and custom indices. Among domestic public bond funds and wealth management products that use indices as performance benchmarks, more than 90% use ChinaBond indices. ETF products tracking ChinaBond indices are listed on Singapore Exchange Limited. The ChinaBond index information is available globally through domestic and foreign information providers, offering a representative investment benchmark and an effective tracking target for overseas investors with exposure to the Chinese bond market.



Chapter 2 Overview of the Fund Industry in China

By the end of 2025, the total AUM of fund management companies and their subsidiaries, securities companies, futures companies, and PFMs was approximately RMB 81.58 trillion[20], comprising RMB 37.71 trillion of public funds, RMB 6.44 trillion of private funds managed by securities companies and their subsidiaries, RMB 5.50 trillion of private funds managed by fund management companies and their subsidiaries, RMB 7.04 trillion of pension funds managed by fund management companies, RMB 0.37 trillion of private funds managed by futures companies and their subsidiaries, RMB 22.42 trillion of private funds managed by PFMs (including RMB 7.24 trillion of private securities funds, RMB 11.18 trillion of private equity and venture capital funds, RMB 4.907 billion of private asset allocation funds, and RMB 280.203 billion of other types of private investment funds), and RMB 2.33 trillion of special asset-backed schemes (ABS).

1. Public Fund

1.1 Evolution of China's Public Fund Industry

China's public fund industry started in 1998, with five fund management companies established that year and another five the following year. These pioneers, collectively known as the "First Ten Fund Companies," primarily offered closed-end funds during this initial period. The formal implementation of the ***Securities Investment Fund Law*** in 2004 laid a legal foundation for the industry, and open-end funds became the mainstream product. From 2008 to 2014, the industry's business scope expanded significantly. Product innovation also intensified, giving rise to various equity and bond structured funds, as well as sector-specific, gold, cross-market, and cross-border ETF products. In 2018, the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions (the "New Asset Management Rules") banned guaranteed returns and pushed the industry to use net asset value-based valuation. In 2022, the ***Opinions on Accelerating the High-Quality Development of the Public Fund Industry*** called for accelerating the development of a new framework for the public fund industry, centered on high-quality development. Throughout this process, the industry's AUM grew from RMB 10 billion in 1998 to nearly RMB 38 trillion by the end of 2025, representing a compound annual growth rate of over 35%. Product types also expanded from equity funds to more than 20 varieties, including ETFs, REITs, and pension target funds.

In May 2025, the ***Action Plan for Promoting the High-Quality Development of Public Funds*** (the "Action Plan") was released. Highlighting an "investor-first" philosophy, it puts forward 25 reform measures covering fee mechanisms, performance evaluation, equity investment weight, and compliance, aiming to shift the industry's focus from "scale" to "investor" returns.

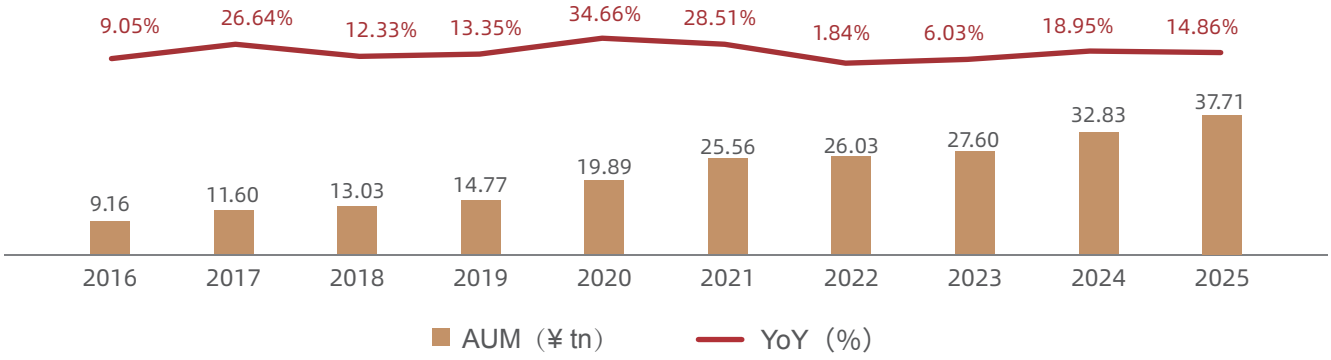
In 2026, a series of reform measures were rolled out in quick succession. On January 1, the ***Administrative Measures Governing Sales Charges for Publicly Offered Securities Investment Funds*** came into force, completing the fee reform for public funds. In the first half of the year, the ***Guidelines for Performance Benchmarks of Publicly Offered Securities Investment Funds*** took effect, followed by the ***Guidelines for Performance Appraisal***

20 Source: Asset Management Statistics (Q4 2025), AMAC

Management of Fund Management Companies. In June, the Asset Management Association of China (AMAC) released the ***Guidelines for the Management of Thematic Investment Styles of Publicly Offered Securities Investment Funds***, significantly raising transparency and regulatory standards across the industry.

At the end of 2025, China remained the world's fourth-largest open-end fund market at an AUM of USD 5.36 trillion, or 6.09% of the total AUM of global mutual funds, ranking first in Asia[21].

Figure 3: AUM Growth of Public Funds over Past 10 Years



1.2 Public Fund AUM Approaches RMB 40 Trillion

At the end of June 2026, there were 165 public fund managers in China (including 150 fund management companies and 15 asset managers with a public fund license). These public fund managers managed 14,353 fund products of various types, with aggregate AUM totaling RMB 39.67 trillion. Equity funds (including stock and hybrid types) accounted for RMB 9.71 trillion, bond funds totaled RMB 12.11 trillion, and money market funds reached RMB 15.62 trillion.

According to the AMAC annual report, there were 1.927 billion active public fund accounts (i.e., accounts that hold fund shares) and 849 million individual investors of OTC public funds by the end of 2025.

1.3 Market Structure Stratification and Differentiation

1.3.1 Market Concentration and Dominance of Leading Managers

China's public fund industry remains notably top-heavy: a handful of large managers dominate the market, and concentration stays high. As of June 2026, the top 20 firms held 62.53% of the industry AUM. By asset class, the top 20 managers controlled 77.55% of equity fund AUM, down from 86% a year earlier; 54.77% of hybrid fund AUM; and a comparatively modest 52.28% of bond fund AUM[22]. On the whole, industry concentration is still elevated. Leading public fund managers enjoy advantages in brand, distribution, fixed income, and passive products. Small and mid-sized firms face greater pressure overall, yet opportunities remain in niche segments such as thematic equity, quantitative strategies, and multi-asset allocation. The industry is increasingly characterized by differentiated competition.

1.3.2 Product Structure and Development Trends

Fixed-income funds—including money market and bond funds—dominate the product structure, accounting for a significant portion of the total AUM. As of the end of June 2026, fixed-income funds made up over 70% of the total market, with money market

21 Source: Worldwide Regulated Open-end Fund Data, Investment Company Institute (ICI)
22 Source: Wind

and bond funds representing approximately 42% and 30%, respectively[23]. This reflects the conservative risk appetite of investors in China's fund market. In comparison, equity funds represent less than 25% of the total AUM, highlighting a notable gap compared to mature markets.

The year 2025 saw the rapid expansion of passive index investing, especially through ETFs. By the end of the year, domestic ETF AUM had exceeded RMB 6 trillion. In June 2026, the CSRC announced its support for the Shanghai and Shenzhen Stock Exchanges to launch active ETFs, broadening the product range and aligning the domestic market more closely with international markets. As of the end of July, China's first 18 active ETFs had been submitted to the CSRC.

1.4 Pivotal Role of Public Fund Management Companies with Foreign Capital

The Sino-foreign equity joint venture public fund management companies have operated in China for 22 years, since the inception of the first joint venture public fund management company in 2002. They have been playing a pivotal role in the development of China's public fund market.

As of the end of 2025, 51 foreign-invested fund managers (out of China's 164 public fund managers) had a combined AUM of RMB 18.24 trillion, or 49% of the industry's tota[24].

1.5 High-Quality Development of Public Funds

Since the fee reform was launched in July 2023, the CSRC has rolled it out in three phases. The first cut management and custody fees for active equity funds from 1.5% and 0.25% to no more than 1.2% and 0.2%, respectively, saving investors about RMB 14 billion a year. The second trimmed stock trading commissions for funds, saving roughly RMB 7 billion a year. The third reduced sales-stage fees, with expected annual savings of about RMB 30 billion. Together, the three phases save investors about RMB 50 billion a year, marking the full and smooth completion of the fee reform in China's public fund industry.[25]

The positive effects of the floating fee reform continue to emerge. In May 2025, the Action Plan explicitly promoted performance-based floating management fees for new active equity funds. In this context, the first 26 new floating-fee funds completed the entire process—from application and acceptance to approval—within just 10 days, with a total issuance size of RMB 25.863 billion. In July 2025, a second set of 12 floating-fee products was approved, further expanding the lineup of new floating-fee products.[26] By the end of May 2026, the first anniversary of the floating-fee mechanism, the first 26 floating-fee funds had delivered an average NAV growth of 44%, with more than 80% posting positive returns.

The expansion of equity investments has yielded notable results. As of the end of June 2026, a total of 883 new funds were launched nationwide, raising RMB 451.565 billion. Among these, equity funds (including stock and hybrid types) raised RMB 272.427 billion, accounting for over 70% by number and about 60% by issuance size. From mid-2025 to mid-2026, the A-share circulating market value held by public funds grew about 25% from RMB 6.04 trillion to RMB 7.52 trillion.

2.Private Asset Management Business of Securities and Futures Institutions

In 2007, the CSRC issued the ***Interim Measures for the Asset Management Business of Fund Management Companies for Specific Clients***, allowing public fund managers to conduct private asset management operations. In June 2013, fund management companies were permitted to establish subsidiaries to engage in specialized asset management businesses. At the same time, securities companies, futures companies, and other asset managers were also authorized to issue private asset management plans, developing a competitive landscape in the industry. In 2023, the ***Administrative Measures on Private Asset Management Business of Securities and Futures Institutions*** further detailed regulatory requirements, enhancing information disclosure and risk prevention and control.

Currently, the private asset management business

23 Source: Public Fund Market Data (June 2025), AMAC
24 Source: Wind
25 Source: China Securities Journal
26 Source: Shanghai Securities News

operated by securities and futures institutions covers a wide range of investment targets, including stocks, bonds, futures, options, public funds, and private equity. Products are structured either as single asset management schemes (serving a specific single investor) or collective asset management schemes (designed for a maximum of 200 qualified investors). By the end of 2025, the number of registered private asset management products managed by securities and futures institutions reached 43,203, with a total AUM of RMB 12.3 trillion.

Table 1: AUM of Private Asset Management Business of Various Institutions by the End of 2025[27]

Type	Number of Products	AUM (¥ tn)
Asset management products of securities companies and their subsidiaries	29,000	6.44
Private asset management products of fund management companies	8,273	4.69
Private asset management products of subsidiaries of fund management companies	2,823	0.80
Private asset management products of futures companies and their asset management subsidiaries	3,107	0.37

3. Private Fund

3.1 Evolution of China's Private Fund Industry

At the end of 2012, the ***Securities Investment Fund Law*** was amended, granting private investment funds formal legal status. In 2014, the CSRC issued the ***Interim Measures for the Supervision and Administration of Private Investment Funds***, and the AMAC officially launched the registration and filing process for private funds. In September 2023, the ***Regulation on the Supervision and Administration of Private Investment Funds*** (the "Private Fund Regulations") came into effect, applying to all categories of private investment funds. These administrative regulations provide more explicit and legally binding support for the rules and regulated development of private securities investment funds.

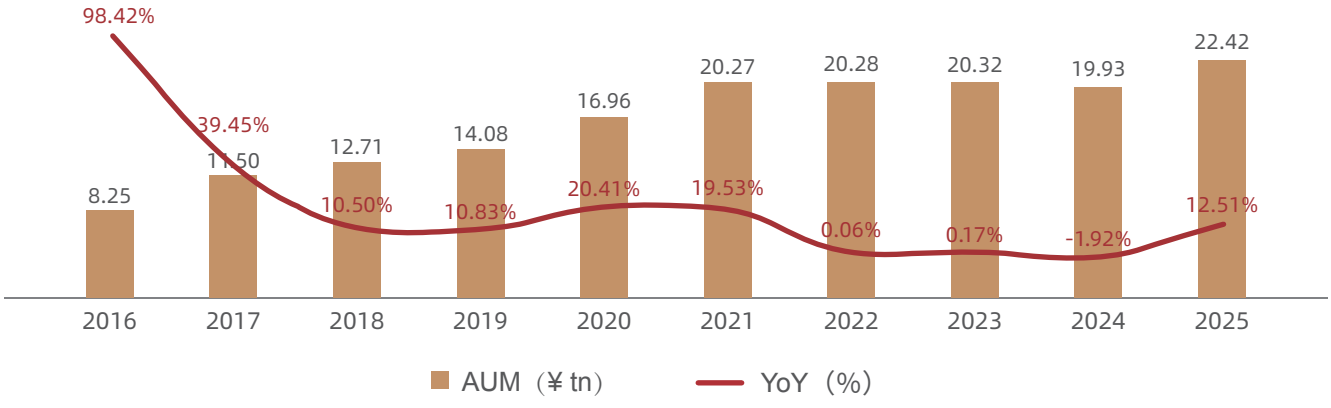
In June 2026, the General Office of the State Council issued the ***Guiding Opinions on Strengthening Regulation, Preventing Risks, and Promoting the High-Quality Development of Private Investment Funds*** (the "Private Fund Guiding Opinions"). As the overarching document of the "1+N+X" regulatory framework for private funds, its issuance marks the industry's entry into a new stage of high-quality development.

As of the end of June 2026, there were 18,662 PFMs registered with AMAC, managing 143,204 private funds with a total AUM of RMB 23.66 trillion. This makes China one of the top players in the world in both the number and AUM of private funds.

Shanghai, Beijing, and Shenzhen were the top three places in terms of the registration number of PFMs—at 3,550, 3,096, and 2,730 managers respectively—together representing 50.24% of the national total. Managers in those three cities were overseeing 42,746, 22,484, and 17,867 products, amounting to 58.03% of the national total; the aggregate AUM of those products was RMB 6.50 trillion, RMB 5.39 trillion, and RMB 2.14 trillion, or 60% of the national total.[28]

27 Source: AMAC
28 Source: Monthly Report on Registration of Private Fund Managers and Filing of Private Fund Products (Issue 6, 2026), AMAC

Figure 4 | AUM Growth of Private Funds over Past 10 Years



3.2 Private Securities Funds

As of the end of 2025, there were 7,531 private securities fund managers registered with AMAC, a decrease of 469 or 5.86% from the end of 2024. They were managing 80,390 funds with a total AUM of RMB 7.08 trillion, down 8.47% and up 35.89% YoY, respectively. In 2025, 55 new private securities fund managers were registered, accounting for 34.81% of all newly registered private fund managers that year.

3.3 Private Equity and Venture Capital Funds

As of the end of 2025, there were 11,523 private equity and venture capital fund managers registered with AMAC, a decrease of 560 or 4.63% from the end of 2024. They were managing 57,162 products with a total AUM of RMB 14.77 trillion, up 3.15% and 3.29%, respectively, from the previous year. Among those, there were 29,820 private equity funds with a total AUM of RMB 11.19 trillion, down 1.53% and up 2.29% YoY, respectively; and there were 27,342 venture capital funds with a total AUM of RMB 3.36 trillion, a growth of 8.79% and 6.55% YoY, respectively. In 2025, 103 new private equity and venture capital fund managers were registered, representing 65.19% of all newly registered private fund managers that year.

3.4 High-Quality Development of Private Funds

In 2025, as policy increasingly favored strong institutions over weak ones and market confidence returned, China's private fund industry continued to improve. First, both AUM and performance recovered. Industry AUM rose from RMB 19.91 trillion at the start of the year to RMB 22.15 trillion by year-end, a net gain of more than RMB 2 trillion. Of the 9,934 private securities investment products with performance records, 89.74% posted positive returns, averaging 25.68%[29]. Second, the industry's shakeout also gathered pace, with concentration among leading institutions rising. The number of managers fell by more than 1,000 in an orderly manner over the year. Yet the number of managers with AUM of RMB 100 million or more rose from 9,896 to 10,167[30], and the number of managers with AUM of RMB 10 billion reached 113.

The year 2026 saw another major step forward in policy. In June, the Private Fund Guiding Opinions was released. Focusing on four priorities—preventing problems at source, tightening regulation across the board, handling risks prudently, and promoting well-regulated development—it introduced 18 specific measures. These include improving registration and filing rules, setting up a front-end mechanism for comprehensive review and consultation, adopting differentiated "one category, one policy" regulation, and establishing a whistleblower system. The aim is to tackle structural problems in the private fund industry through systematic institutional reform. With this, China's private fund industry is steadily moving from a stage of rapid expansion into one of high-quality development.

29 Source: Simuwang
30 Source: Monthly Report on Registration of Private Fund Managers and Filing of Private Fund Products, AMAC

Chapter 3 Why Shanghai

1.Unique Location

At the end of 2025, Shanghai had 16 districts with a total land area of 6,340.5 square kilometers and a permanent population of 24.8541 million. Shanghai's GDP in 2025 totaled RMB 5.67 trillion, with residents' per capita disposable income reaching RMB 91,987[31], up 4.1% YoY, maintaining a lead over other provinces, municipalities, and autonomous regions.

Located in eastern China where the Yangtze River meets the Pacific Ocean, Shanghai, together with the neighboring provinces of Zhejiang, Jiangsu, and Anhui, forms the Yangtze River Delta Region. This is one of the most developed, open, and innovative regions in China. The accelerating integration of the region offers vast potential for Shanghai's asset management sector. In 2025, Shanghai, Zhejiang, Jiangsu, and Anhui together generated RMB 34.66 trillion in GDP, up more than RMB 7 trillion during the 14th Five-Year Plan period, accounting for about a quarter of China's economy. Among the 29 cities with GDP exceeding RMB 1 trillion, 10 are in the Yangtze River Delta. Of the top ten cities by per-capita fiscal revenue, seven are from the region. This region also leads in terms of household wealth, accounting for six of the top ten cities in the country by per-capita disposable income in 2025. The introduction of the Yangtze River Delta integration strategy has made it even easier for financial institutions to establish and expand their wealth management business from Shanghai to the whole region.

2. Pioneering Financial Reform

Shanghai has long been a pioneer in financial reform. In August 2013, the State Council approved the establishment of the China (Shanghai) Pilot Free Trade Zone ("Shanghai FTZ"), which was inaugurated in September to explore financial innovation. In August 2019, the Lin-gang Special Area was formally established and positioned as a "special economic function zone."

In January 2024, the General Office of the CPC Central Committee and the General Office of the State Council released the ***Implementation Plan for the Pilot Comprehensive Reform of Pudong New Area (2023-2027)***. This plan grants the Area greater autonomy in carrying out reforms, encourages higher-level reform and opening up, and supports the development of the Area as a pioneer area for socialist modernization.

Institutional opening-up has deepened further. In March 2025, the PBOC and three other government bodies issued the ***Action Plan for Further Enhancing Cross-Border Financial Service Facilitation in Shanghai International Financial Center***. The plan puts forward 18 key measures across five areas, including enhancing cross-border settlement efficiency. In June 2025, the Lin-gang Special Area took the lead in launching the comprehensive reform of offshore trade financial services, pioneering an offshore funds management model built on "document-free processing, settlement upon instruction, and instant settlement." In June 2026, the pilot was expanded from offshore trade alone to the full spectrum of offshore business, supporting participating enterprises in integrating deeply into global supply and industrial chains.

31 Source: Statistical Communiqué of Shanghai on the 2025 National Economic and Social Development

In technology-driven finance, the ***General Plan for Building Technology-Driven Financial Reform Pilot Zones in Shanghai, Nanjing, Hangzhou, Hefei, and Jiaxing*** was released in November 2022, followed by the ***Implementation Plan for the Construction of Technology-Driven Financial Reform Pilot Zone in Shanghai*** in September 2023. Since then, Shanghai has deepened its technology-driven financial reform and built a financial services system covering the full life cycle of technology firms.

In 2026, the Lujiazui Forum convened its first-ever Technology Finance Conference, unveiling the latest results. In 2025, Shanghai's equity investment funds raised nearly RMB 250 billion; the technology innovation sector drew close to RMB 135 billion in investment; and STAR Market-listed companies led the country in both market capitalization and IPO fundraising. In the first quarter of 2026, Shanghai's outstanding technology loans totaled RMB 2.6 trillion, up 13.7% YoY.

Regarding green finance, Shanghai's "international green finance hub" was established in August 2021 as one of the "two hubs" under the master plan for building the city into an international financial center. In October of the same year, the ***Implementation Opinions on Shanghai Accelerating to Build an International Green Financial Hub to Serve the Carbon Peak and Carbon Neutrality Goals*** was published. The document outlines 24 measures across seven areas, aiming to provide critical financial support for a green, low-carbon, and circular economy.

In July 2022, the ***Several Provisions on the Development of Green Finance in Pudong New Area of Shanghai*** was formally implemented, marking the first attempt to exercise Pudong New Area regulations in the financial sector. This also represents an important practice of achieving the carbon peak and carbon neutrality goals through legislation.

December 2023 saw the release of the ***Shanghai Transition Finance Catalog (Trial)***. Designed to synergize transition finance and green finance, the Catalog lists the first six major industries to be supported as part of the transition finance program, aiming to tunnel high-quality financial resources into green and low-carbon transition projects. In January 2024, the Shanghai Green Finance Service Platform was launched.

In addition, Shanghai has actively developed innovative green finance products, yielding a number of pioneering achievements, including the world's first offshore RMB-denominated social responsibility bond issued by a non-financial enterprise, and China's first dual-currency "dual-linked" green structured deposit. In December 2025, Shanghai launched a pilot for green foreign debt, with the first three key "dual carbon" enterprises signing financing agreements worth more than RMB 300 million.

Shanghai's capital market reforms have also continued to deepen. In April 2023, the registration-based IPO system was fully implemented, laying the institutional cornerstone for deeper capital market reform. In July 2025, the SSE released supporting rules for STAR Market "1+6" policies, which included measures such as allowing unprofitable enterprises to be included in the Sci-Tech Growth Tier and piloting a pre-review mechanism for IPOs.

In February 2026, the Shanghai Stock Exchange (SSE) optimized a package of follow-on financing measures, shortening the minimum interval between follow-on financings for unprofitable technology companies and supporting high-quality listed companies in using funds raised for new industries, new business models, and new technologies that are synergistic with their main business. In June of the same year, the STAR Market will launch two reform measures. First, it will expand the applicability of the Fifth Set of STAR Market Listing Standards to artificial intelligence. Second, it will support the listing of more "hard technology" companies in such fields as quantum technology, biomanufacturing, and embodied intelligence.

3. Excellent Business Environment

Shanghai is one of the best places in China for financial development and has all the necessary infrastructures for the efficient allocation of global resources. It is the first city in China to establish a financial court, a court for financial arbitration, a financial consumer protection bureau, and a financial dispute resolution center and the first to release a white paper titled ***"Building a Rule-of-Law Environment for the Shanghai International Financial Center."*** It is home to the PBOC's Credit Reference Center which has created a national basic database for business and individual credit information. The city boasts a wide range of specialized service providers such as accounting firms, law firms, and rating agencies. Shanghai has also been adopting an ever-tougher stance against illegal financial activities. To further protect the rights and interests of small and medium-sized investors, the China Securities Investor Services Center was registered and established in Shanghai. In addition, under the supervision of the CSRC Shanghai Office, the Shanghai People's Mediation Committee for the Capital Market provides professional mediation services. In October 2020, the Shanghai Investor Protection Union was founded in Shanghai at the sponsorship of 30 organizations including the CSRC Shanghai Office, Shanghai Municipal Financial Regulatory Bureau, and the Shanghai Financial Court. The Union now has 48 members. In July 2025, the China Capital Market Society was set up in Shanghai, providing an important intellectual support platform for the high-quality development of the capital market and the building of the Shanghai International Financial Center.

As one of the first cities to participate in the National Pilot Plan for Business Environment Innovation, Shanghai is committed to bringing constant improvements to its business environment. In 2020, Shanghai became the first city in China to roll out regulations on optimizing the business environment, laying a legal foundation for the development of an enabling business environment. In November 2024, the newly revised ***Regulations of Shanghai Municipality on Optimizing the Business Environment*** came into effect, tackling long-standing problems for enterprises such as "duplicative enforcement" and "overlapping regulatory oversight." The new regulations address key difficulties and challenges in building a favorable business environment, providing stronger legal support for fostering a market-oriented, law-based, and international business environment.

In January 2026, Shanghai released the ***Shanghai 2026 Action Plan to Accelerate the Development of a World-Class Business Environment*** (the "Action Plan 9.0"), setting out 26 tasks and measures across four areas: government services, market competition, industrial ecosystem, and social co-governance. Unlike the previous edition, the Action Plan 9.0 drops the dedicated chapter on "World Bank benchmarking reform" and, for the first time, presents the "industrial ecosystem" as a standalone section. Specific enhancements include: extending the negative list for cross-border data transfer from the Shanghai Pilot Free Trade Zone and Lin-gang Special Area to the entire city; moving pro-business policies from "expanding the coverage of no-application benefits" to "all inclusive policies should be covered in principle;" shifting from "comprehensive screening" to "zero arrears" for government bodies and public institutions in clearing payment arrears; adding cross-border insolvency and insolvency early warning to the enterprise-exit regime, while regulating "professional business-closure intermediaries;" and introducing measures to the competition domain to strengthen platform algorithm governance and address "involution-style" competition.

4. An Open Shanghai

"Embracing diversity, pursuing excellence, and staying open-minded and humble" represents the spirit of Shanghai. Openness, innovation, and inclusiveness are the most distinctive qualities of Shanghai, which vividly reflect the development and achievement of China in the new era.

In terms of the opening-up history, few other Chinese

cities can be comparable to Shanghai. Shanghai's development traces back to the Tang and Song Dynasties, when the city prospered due to maritime trade (through the Maritime Silk Road). The Yuan and Qing Dynasties witnessed the burgeoning of Shanghai, due to national strategic needs, economic interests, and its favorable geographical conditions. After its port was opened in 1843, immigrants from other provinces of China and other countries jointly contributed to the development and prosperity of the city, and thus Shanghai gradually formed a unique community of shared common interests of Chinese and foreigners. As a rare safe harbor during the turbulent times, Shanghai saw a large accumulation of population, industries, capital, technology, information, and culture. In particular, the influx of young immigrants from diverse backgrounds who were dissatisfied with the status quo contributed to Shanghai's rapid development.

Backing onto the Yangtze River and facing the Pacific Ocean, Shanghai's open mindset is fundamental to its success. High-quality opening up has always been an essential path to Shanghai's high-quality development. "Embracing diversity" is the most cherished element in Shanghai's urban spirit. Shanghai, as a stage for elites to strive together, excels in its cultural inclusiveness, economic prosperity and diversity, intellectual freedom and openness, among many other aspects.

5. A Deep Talent Pool

Shanghai has a wealth of higher education resources. In 2025, the city was home to 69 colleges and universities, with 606,100 undergraduate students and 280,900 postgraduate students enrolled, including 69,500 doctoral students. That year, 152,000 undergraduate degrees were awarded (+1.40% YoY), 74,800 master's degrees granted (+22.62% YoY), and 10,500 doctoral degrees conferred (+14.13% YoY[32]).

In addition to its impressive roster of top universities, Shanghai is also reforming its talent program by implementing various financial service initiatives to attract financial institutions and professionals alike. As efforts to establish a financial talent hub are fully underway, Shanghai's financial workforce grew from 190,000 in 2006 to 550,000 in 2025, nearly tripling in under two decades.

To attract top global talent, Shanghai has rolled out innovative talent policies over the years, striving to enable professionals to settle, feel secure, and pursue their careers in the city. In April 2025, the Bund Service Center for International Professionals debuted, providing foreign nationals in the city center with one-stop access to 36 government services, including customs clearance facilitation, residency services, business services, social welfare provisions, and employment and entrepreneurship resources.

6. Complete Financial Market Infrastructure

Shanghai has become one of the cities with the most complete financial factor markets in the world, hosting 17 financial factor markets and infrastructures covering stocks, bonds, futures, currencies, commercial paper, foreign exchange, gold, and insurance. With its total stock market capitalization and interbank bond market size ranking among the top globally, the city offers a robust platform for the efficient allocation of financial assets, especially RMB-denominated assets.

In 2025, Shanghai's financial sector posted an added value of RMB 897.966 billion, up 9.7% YoY and accounting for 16% of the city's GDP. Trading volume of Shanghai's financial market reached RMB 4,058.95 trillion, an increase of 11.2%[33] over the previous year. Among this, the trading volume of the SSE was RMB 824.71 trillion, up 32.2%; the trading volume of the Shanghai Futures Exchange and the China Financial Futures Exchange recorded RMB 287.74 trillion and RMB 255.19 trillion, respectively, up 23.0% and 33.7% YoY; the trading volume of the interbank market was RMB 2,665.50 trillion, reflecting an increase of 3.2%; and the trading volume of the Shanghai Gold Exchange stood at RMB 25.81 trillion,

32 Source: Shanghai Education
33 Source: Statistical Communiqué of Shanghai on the 2025 National Economic and Social Development

up 44.1% YoY. In addition, in 2025, original premium income of insurance companies came to RMB 297.926 billion, up 8.3% YoY.

At present, Shanghai continues to rank first in the country by the number of core institutions such as bank wealth management companies, securities companies, fund management companies, and futures companies[34]. The city also ranks among the top in China by the number of private equity and venture capital managers, the number of managed funds, and the total AUM. "Shanghai Prices" (Shanghai Gold, Shanghai Crude Oil, and Shanghai Copper) are now deeply woven into global industrial chains and serve as key benchmarks for global trade pricing. In 2026, Shanghai rose to fifth[35] place in the Global Financial Centres Index (GFCI), cementing its position as a leading financial center in the Chinese Mainland.

7. A World-Class Stock Exchange

Founded on November 26, 1990, the Shanghai Stock Exchange (SSE) is China's first national stock exchange after the country's reform and opening up. After more than 30 years of development, SSE has now evolved into a comprehensive securities exchange that encompasses stocks, bonds, funds, derivatives, and public REITs, with relevant market indicators and influence ranking among the top globally.

By the end of 2025, the exchange listed 2,302 companies with a total market capitalization of RMB 64.8 trillion. The stock market saw an annual trading turnover of RMB 172.6 trillion and raised a total of RMB 1,042.3 billion. There were 35,138 listed bonds, with a custody value of RMB 19.5 trillion, recording an annual spot trading turnover of RMB 30.9 trillion and a repurchase trading turnover of RMB 558.6 trillion. A total of 916 funds were listed, with a total market value of RMB 4.2 trillion and an annual trading turnover of RMB 61.1 trillion. Additionally, 576 options contracts were traded, posting an annual trading volume of 1.28 billion contracts and a turnover of RMB 732.33 billion. Since the launch of the pilot program for public infrastructure REITs, 52 products have been listed, raising a total of RMB 142 billion.

In recent years, SSE has adhered to the principles of pursuing progress while ensuring stability, upholding integrity while fostering innovation, and balancing development with security. It has comprehensively deepened reform and opening up in the exchange-traded market, worked toward building a service-oriented exchange, and established strengths characterized by "a concentration of large-cap blue-chip companies, leadership in hard technology, diversified product support, and targeted services." These efforts have consistently delivered new achievements in market development and high-quality services. As of the end of 2025, SSE ranked third, first, and fourth globally by total stock market capitalization, financing proceeds, and trading turnover, respectively. Its bond market has grown into the world's largest exchange-traded bond market, while its ETF trading turnover and market value ranked first and third in Asia, respectively.

8. Full Range of Financial Institutions

Shanghai is one of the Chinese cities boasting the most complete range of financial institutions. They produce strong synergies and lay a solid foundation for the global expansion of Shanghai-based asset management institutions. By the end of 2025, Shanghai was home to 1,813 licensed financial institutions, with 564 foreign-funded entities making up more than 30%.

Over the past year, Shanghai's financial market has continued to improve its functional framework and enhance the quality and efficiency of financial services. It has promoted the establishment of the National Artificial Intelligence Industry Investment Fund and the Shanghai Industrial Transformation and Upgrading Fund (Phase II), and has witnessed the first sci-tech bonds issued on the "Science and Technology Board" of the bond market. Financial institutions have clustered at an accelerated pace, with the International Monetary Fund (IMF) Shanghai Center and the e-CNY International Operation

34 Source: Shanghai Finance
35 Source: GFCI 40 Report

Center established and commenced operations in succession.

Currently, foreign incorporated banks headquartered in Shanghai account for half of the national total. Joint-venture fund management companies and foreign insurance companies in Shanghai each represent around half of their respective sectors nationwide. All top ten global asset managers by AUM have established a presence in Shanghai. The city also leads the country in the number of private securities investment fund managers set up by foreign institutions, with their AUM making up nearly 30% of the national total.

9. Cutting-Edge Fintech

At present, Shanghai is one of the most important hubs in China for fintech enterprises, attracting technology subsidiaries of financial infrastructures and factor markets, more than half of the country's banking and major insurance groups' technology subsidiaries, securities and financial information service providers, payment firms, and fintech unicorns to establish a presence in the city[36].

In August 2021, the ***14th Five-Year Plan for the Building of Shanghai International Financial Center*** was unveiled, making it clear that Shanghai would build itself into "two centers," i.e., a global asset management center and a fintech center. In September 2024, the Shanghai Municipal People's Government issued the ***Shanghai Action Plan for High-Quality Advancement of a Global Fintech Center***, outlining 31 policy measures across seven areas. The plan further specifies the goal of "developing Shanghai into a globally leading fintech center in 3 to 5 years."

In November 2025, the 7th Shanghai International Fintech Forum was held. At the forum, the ***Global Fintech Center Development Index Report (2025)*** (the "Index Report") and the ***Shanghai Fintech Development White Paper (2025)*** were released. The two reports offer international and domestic perspectives on the development of Shanghai's fintech industry. In September 2025, the e-CNY International Operation Center commenced operations and introduced three major business platforms: a cross-border digital payment platform, a blockchain service platform, and a digital asset platform. In January 2026, the Beijing National Financial Technology Certification Center's Shanghai Branch was established, further enhancing Shanghai's global competitiveness as a fintech center. According to the Index Report, Shanghai rose to second place globally.

36 Source: Shanghai Finance

Chapter 4 Shanghai's Fund Industry

1. Public Fund

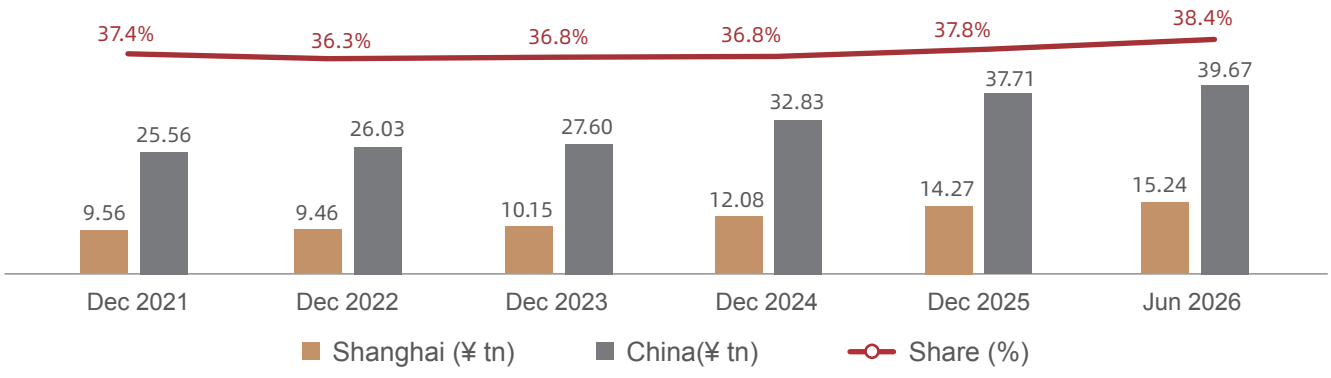
As of the end of June 2026, 75 of the 165 public fund managers in China were based in Shanghai[37], and 31 (or 60.8%) of the 51 wholly foreign-owned and joint venture fund companies in China were located in Shanghai. Shanghai-based public fund managers oversaw 5,820 public funds with a total AUM of RMB 15.24 trillion. Notably, non-money market funds contributed RMB 9.22 trillion or 60.5% of this total[38]. Shanghai's public fund industry employed 15,395 professionals in total, including.

The AUM of the funds managed by Shanghai-based public fund managers has seen steady growth in the past five years. As of the end of June 2026, the AUM of the public funds, non-money market funds, and equity funds managed by Shanghai-based companies accounted for 38.4%, 38.3%, and 37.9% of the national total, respectively. Active equity products in Shanghai have developed a cluster advantage. As of the end of December 2025, Shanghai was home to 3 of the top 5 (60%) institutions by average quarterly AUM in active equity products, 4 of the top 10 (40%) and 23 of the top 50 (46%).[39]

Table 2: Public Fund AUM by City (by regulatory jurisdiction, as of June 30, 2026)

City	AUM (¥ tn)	Public Funds
Shanghai	15.24	5,820
Shenzhen	9.29	3,684
Beijing	8.79	3,199
Guangdong	4.55	1,106

Figure 5: AUM of Public Funds Managed by Fund Companies in Shanghai and China over the Past Five Years and in the First Half of 2026[40]



37 Source: List of Public Fund Management Companies (June 2026), CSRC
38 Source: AMAC, Shanghai Asset Management Association (SAMA)
39 Source: Guotai Haitong Securities Research Institute; as of the end of December 2025, AUM averaged across the four quarters of 2025
40 Source: AMAC, Wind, SAMA

Figure 6: AUM of Non-MMFs Managed by Fund Companies in Shanghai and China over the Past Five Years and in the First Half of 2026[41]

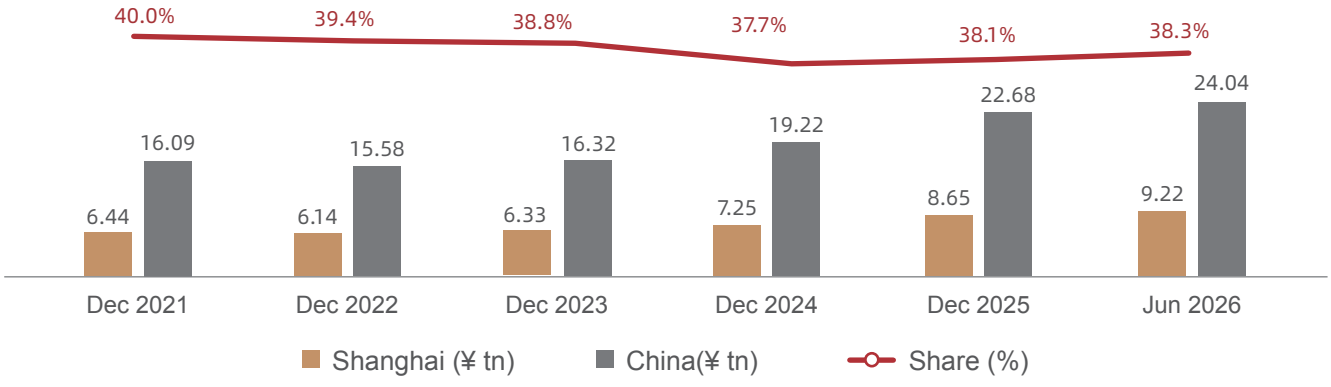
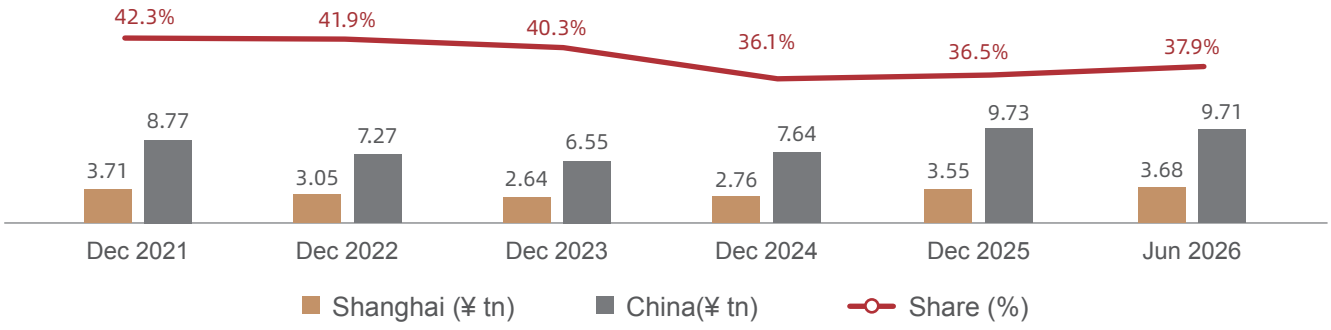


Figure 7: AUM of Equity Funds Managed by Fund Companies in Shanghai and China over the Past Five Years and in the First Half of 2026



2. Private Fund

As of the end of June 2026, there were 3,550 PFMs registered in Shanghai. Together they manage 42,746 funds with assets under management totaling RMB 6.50 trillion—putting Shanghai ahead of all other Chinese cities by either of these two metrics[42].

Table 3: AUM of Private Funds by City (by place of registration, as of June 30, 2026)

City	Managers	Funds	AUM (¥ tn)
Shanghai	3,550	42,746	6.50
Beijing	3,096	22,484	5.39
Shenzhen	2,730	17,867	2.14

41 Source: AMAC, Wind, SAMA
42 Source: Monthly Reports on Registration of Private Fund Managers and Filing of Private Funds, AMAC

Figure 8: Number of Private Fund Managers in Shanghai and China over the Past Five Years and in the First Half of 2026

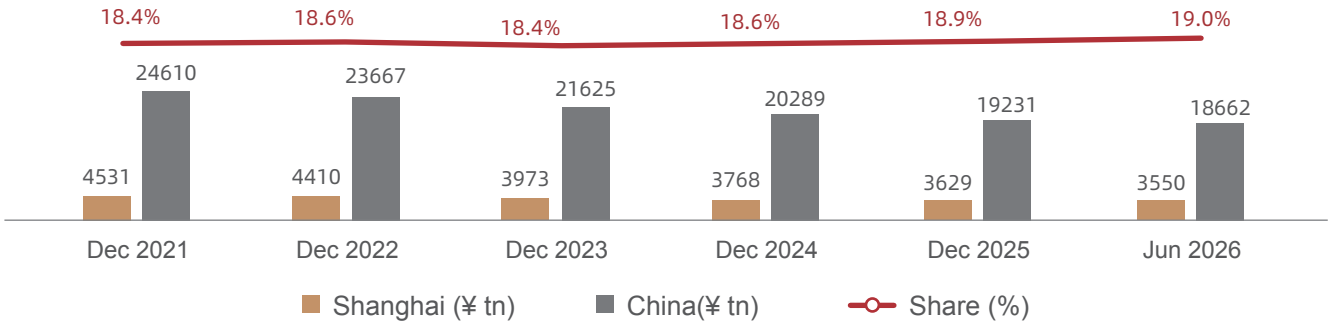


Figure 9: Number of Private Funds Managed by Fund Companies in Shanghai and China over the Past Five Years and in the First Half of 2026

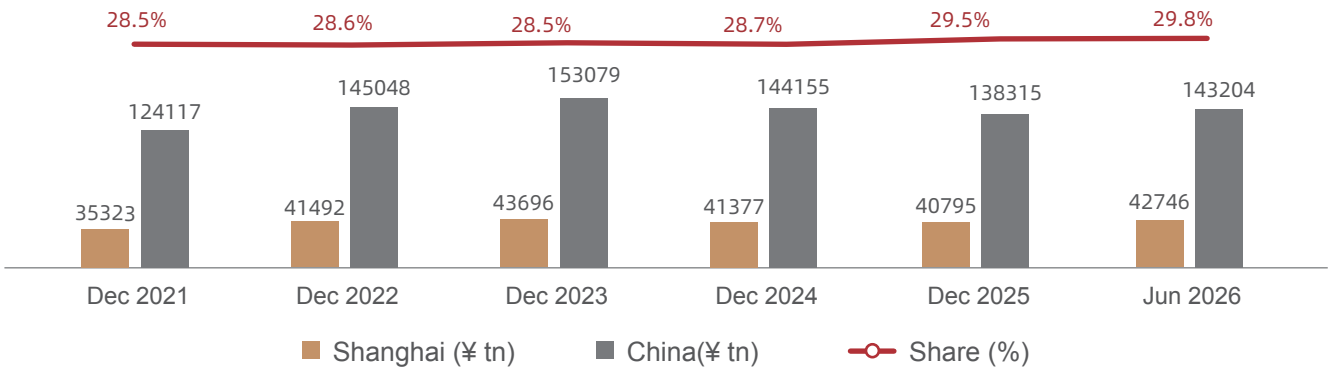
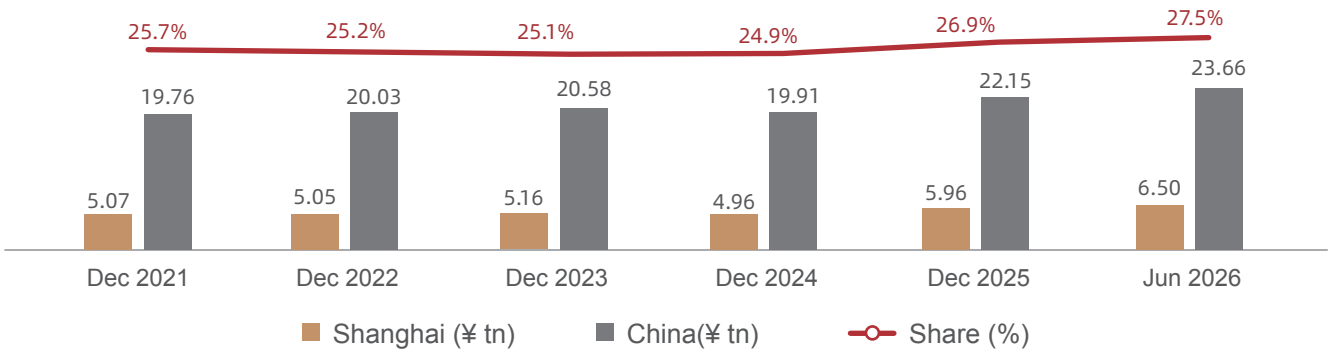


Figure 10: AUM of Private Funds Managed by Fund Companies in Shanghai and China over the Past Five Years and in the First Half of 2026



Shanghai provides a conducive financial environment to the development of private funds. As of the end of June 2026, of the 142 PFMs with AUM exceeding RMB 10 billion, 65 or 46% were registered in Shanghai[43], ranking Shanghai first in China.

43 Source: Wind, -tabulated by SAMA

2.1 Private Securities Funds

As of the end of June 2026, Shanghai had 1,872 private securities fund managers, who oversaw 32,687 funds. Total AUM was RMB 3,863.065 billion or 48.1% of the national total, attesting to Shanghai's "magnet effect" as an international financial center.

2.2 Private Equity Funds and Venture Capital Funds

As of the end of June 2026, Shanghai had 1,628 private equity and venture capital managers managing 9,650 funds with a total AUM of RMB 2,491.307 billion. Shanghai's private equity market is growing steadily as the STAR Market expands and technology companies take off.

Table 4: Private Securities Funds in Shanghai over the Past Five Years and in the First Half of 2026

Item	2021	2022	2023	2024	2025	Jun 2026	Trend
Managers	2151	2197	2058	1975	1897	1872	
Funds	26872	32295	34294	31883	31064	32687	
AUM(¥bn)	2823.84	2645.78	2719.70	2452.38	3411.62	3863.07	

Table 5: Private Equity Funds and Venture Capital Funds in Shanghai over the Past Five Years and in the First Half of 2026

Item	2021	2022	2023	2024	2025	Jun 2026	Trend
Managers	2234	2117	1843	1735	1681	1628	
Funds	7760	8637	8950	9047	9319	9650	
AUM(¥bn)	2089.391	2256.675	2311.503	2288.903	2399.106	2491.307	

3. International Asset Management Firms

Policies have strengthened foreign enterprises' resolve to expand their investment in China, in particular global financial giants. Shanghai, being China's gateway to the world, remains the first choice among foreign investors. In June 2025, True Light (Shanghai) Private Equity Co., Ltd., a subsidiary of the Singapore-based True Light Capital, completed registration as a private fund manager. That same month, Hines (Shanghai) Private Fund Management Co., Ltd. completed registration as a private equity and venture capital fund manager. In August 2025, Kaide Private Fund Management (Shanghai) Co., Ltd. completed the filing of its first RMB fund, which was established in Shanghai's Lin-gang Special Area.

As overseas asset management firms gain more business development experience in the Mainland, an obvious trend has emerged. Many of these firms, having participated in the QDLP pilot scheme, are now engaging more deeply in the Mainland market by establishing PFMs, preparing to set up public fund management companies, or funding wealth management subsidiaries of Sino-foreign joint venture banks.

Chapter 5 Laws, Regulations, and Regulatory Policies

1. Public Funds

The legal cornerstone of China's public fund industry is the ***Securities Investment Fund Law of the People's Republic of China*** ("Fund Law"), which was promulgated in 2004 and revised twice in 2012 and 2015. According to the ***Several Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting High-quality Development of the Capital Marke***t (new "Nine Articles of the State Council") issued by the State Council in April 2024, the CSRC will organize evaluation of the implementation of the Fund Law and promote the amendment and improvement of the Fund Law. The Fund Law, as the fundamental law of China's fund industry, sets a framework for the operation of fund managers and funds. In addition, relevant investment activities are also governed by the ***Securities Law of the People's Republic of China*** ("Securities Law") and other relevant laws and regulations.

According to the provisions of the Fund Law, CSRC will supervise and manage the activities of securities investment funds in accordance with the law, and its local branches will perform their duties in accordance with authorization; AMAC is a self-regulatory organization of the securities investment fund industry, which is subject to the instruction, supervision and management of CSRC.

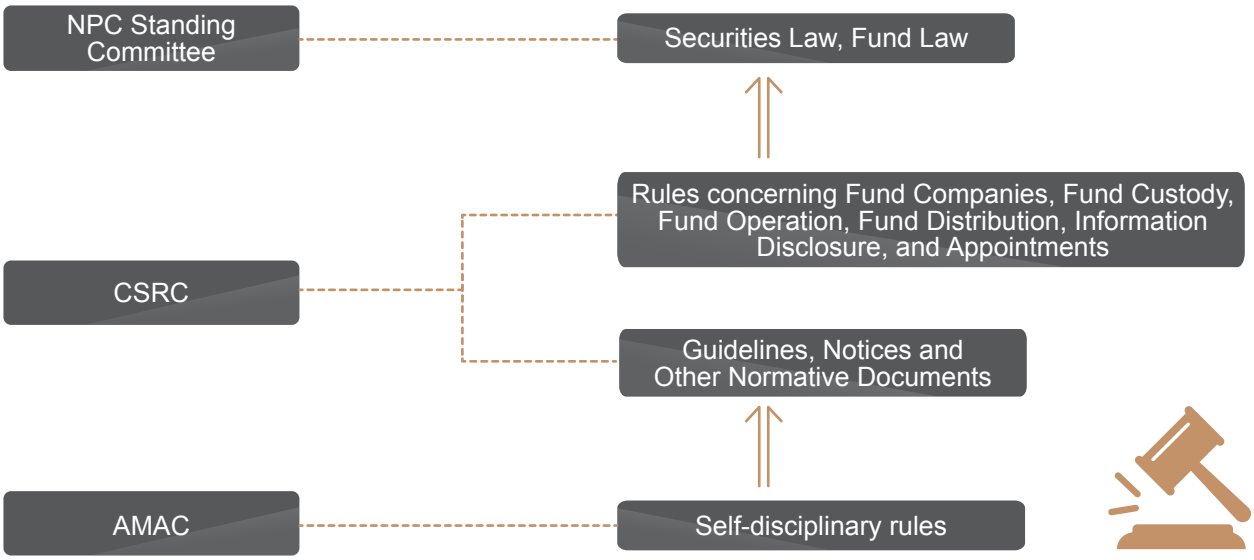
As the regulator, CSRC has formulated a number of regulatory provisions within the framework of the Fund Law, the most important of which include:

(1) the ***Measures for the Supervision and Administration of Managers of Publicly Offered Securities Investment Funds***, which regulates the establishment, change and operation and management of public fund managers; (2) the ***Administrative Measures on Securities Investment Fund Custody Business***, which regulate the fund custody; (3) the ***Administrative Measures on the Operation of Publicly Offered Securities Investment Funds***, which regulate the investment restrictions and operation of funds; (4) the ***Measures for the Supervision and Administration of Distributors of Publicly Offered Securities Investment Funds,*** which regulate the distribution of securities investment funds; (5) the ***Administrative Measures on Information Disclosure of Publicly Offered Securities Investment Funds***, which regulate the information disclosure of funds; and (6) the ***Measures for the Supervision and Administration of Directors, Supervisors, Senior Management Personnel and Other Practitioners of Securities and Fund Institutions***, which stipulate the qualifications and code of conduct for directors, supervisors, senior management personnel and other practitioners of public fund managers. In addition, CSRC has formulated a large number of regulatory documents to regulate the development of the fund industry. Moreover, since April 2018, the ***Guiding Opinions on Regulating the Asset Management Business of Financial Institutions*** and its supplementary notices have been issued in succession to guide wealth management products in transforming towards being based on net asset value, no guarantee of rigid payment, transparency

in and standardization of invested assets, etc. The public fund sector has set a benchmark for the asset management industry through its complete implementation of trust relationships, thorough protection of investors' rights and interests, and standardized and transparent product operation.

As a self-regulatory organization, AMAC formulates self-regulatory rules according to the authorization of law and the instruction of CSRC. The self-regulatory rules provide important guidance on the operation and practice of the fund industry, covering company regulation, practitioner management, fund custody, fund distribution, fund investment, trading, fund information disclosure, fund accounting, taxation and dividends, and information technology. Fund managers are required by law to join AMAC as AMAC members and be bound by the articles of association of AMAC.

Figure 8: Legislative Framework for Public Funds



2. Private Asset Management Business of Securities and Futures Institutions

Both the ***Administrative Measures on Private Asset Management Business of Securities and Futures Institutions*** and the ***Administrative Provisions on the Operation of Private Asset Management Schemes of Securities and Futures Institutions*** (collectively, the "Asset Management Rules"), the two major regulatory documents issued by the CSRC regarding private asset management products, refer to the Fund Law as their superior law. Therefore, the Fund Law is also the fundamental law in the field of private asset management products.

CSRC and AMAC have issued, respectively, as the regulatory body and the self-regulatory organization, a large number of regulatory provisions and self-regulatory rules applicable to private asset management products, covering broad areas such as product fundraising, compliant investment and operation, and product filing for private asset management products.

3. Private Funds

The Fund Law revised in 2012 came into force on June 1, 2013. One of the highlights of this revision is to subject the private securities funds to the

applicable scope of Fund Law, which marks the official initiation of PFMs that can independently issue and manage funds. The Fund Law is also the fundamental law for private securities funds. In addition, investment activities with respect to private securities funds are also governed by the Securities Law and other relevant laws and regulations. According to the Fund Law, CSRC is the regulator of the private securities fund industry. In June 2013, CSRC was explicitly granted with supervisory and regulatory functions over private equity funds. CSRC issued the ***Interim Measures for the Supervision and Administration of Private Investment Funds*** in August 2014 and the ***Certain Provisions on Strengthening the Regulation of Privately Raised Investment Funds*** in December 2020. In addition, the regulations formulated by CSRC for certain fields (e.g., the ***Administrative Measures on Investor Suitability for Securities and Futures*** and the ***Measures for Supervision and Administration of Distributors of Publicly Offered Securities Investment Funds***) also apply to private funds.

On July 9, 2023, the State Council released the ***Regulation on the Supervision and Administration of Private Investment Funds*** ("Private Fund Regulation"), which officially came into force on September 1, 2023. The ***Private Fund Regulation*** illustrates the legal status and functional role of private funds for the first time at the level of administrative regulations of the State Council and makes the legal and regulatory system for private funds more complete. The ***Private Fund Regulation*** is applicable to private securities funds and private equity funds, and it also makes special provisions for venture capital funds and includes private investment funds of different organizational forms, such as contractual, corporate and partnership, in the scope of application. The ***Private Fund Regulation*** stipulates comprehensive provisions on aspects including but not limited to market access, business requirements, registration and filing, fundraising, investment and operation, supervision and regulation, and legal liabilities. In accordance with the authorization provisions of the ***Private Fund Regulation***, the CSRC has begun to make comprehensive improvements to the rules and regulations governing private funds, introduce supporting implementation rules, and guide AMAC to revise its self-disciplinary rules regarding the registration and filing, contract guidelines and information reporting in accordance with the ***Private Fund Regulation*** and other relevant rules of the CSRC. For example, on February 24, 2026, the CSRC issued the ***Measures for the Supervision and Administration of Information Disclosure of Private Investment Funds***, and on June 5, 2026, the AMAC issued the ***Implementation Rules for Information Disclosure of Private Investment Funds*** and the ***Key Content Template for Information Disclosure of Private Investment Funds***, which all came into effect on September 1, 2026. The new rules on information disclosure of private funds represent a major milestone in the standardized development of the private fund industry. In particular, by bringing core investment operational activities within the scope of information disclosure, the new rules will help mitigate compliance risks, improve operational efficiency and transparency, and effectively protect investors' rights and interests.

According to the provisions of the Fund Law, AMAC is the self-regulatory organization of the fund industry and is subject to the instruction and supervision of CSRC. Fund managers and fund custodians are required to join AMAC and fund service providers are allowed to join AMAC. Similar to the practice in the public fund sector, AMAC, as a self-regulatory organization, formulates, updates, and implements self-regulatory rules on private investment funds in accordance with the authorization of law and CSRC and in light of market conditions. However, different from the practice in the public fund sector, according to the Fund Law, AMAC is also responsible for the registration of private investment fund managers and filing of private investment funds according to the law. In this regard, AMAC has formulated and issued many self-regulatory rules on the registration and filing, fundraising, investment operation, fund service and information disclosure, etc. regarding private investment funds, including but not limited to the ***Measures for Registration and Filing of Private Investment Funds*** and its supporting guidelines, the ***Guidelines on the Internal Control of Private***

Investment Fund Managers, the ***Guidelines on Private Investment Fund Contracts,*** the ***Administrative Measures for the Fundraising of Private Investment Funds***, the ***Guidelines on the Implementation of Investor Suitability Management by Fundraising Institutions (for Trial Implementation)***, the ***Administrative Measures on Private Investment Fund Service Business (for Trial Implementation)*** and the ***Guidelines for Filing of Private Investment Funds[44], the Guidelines for Operation of Private Securities Investment Funds***.

Notably, as the scale of private funds under management continues to expand and product types become increasingly complex, the spillover potential, concealment and interconnectedness of risks in certain areas have become increasingly pronounced. Self-disciplinary rules alone are no longer sufficient to fully address the practical needs of industry risk prevention and investor protection, and administrative supervision and regulation with stronger enforcement power, penetrating power and deterrent effect is urgently needed to provide comprehensive and coordinated regulation. On June 3, 2026, the General Office of the State Council issued the ***Guiding Opinions on Strengthening Regulation, Preventing Risks and Promoting High-quality Development of Private Investment Funds*** (Guo Ban Han〔2026〕No. 54, the *"Document No. 54"*). As the first programmatic document on the policy and institutional framework for the private fund sector publicly issued at the State Council level since the ***Private Fund Regulation***, the *Document No. 54* marks a deeper adjustment to China's regulatory logic for private funds: the long-standing regulatory framework, centered on industry self-disciplinary rules, with administrative supervision playing a relatively ex post and supplementary role, will gradually shift toward a new system led by administrative supervision and regulation and supplemented by self-disciplinary rules. The regulatory focus will shift from "registration-and-filing-based self-discipline" to "whole-process, whole-chain and penetrating regulation," and from "primarily ex post self-disciplinary actions" to "equal emphasis on ex ante market access standards, ongoing in-process supervision and ex post law enforcement and accountability".

44 It refers to the ***Guidelines No. 1 for Filing of Private Investment Funds - Private Securities Investment Funds*** and the ***Guidelines No. 2 for Filing of Private Investment Funds - Private Equity and Venture Capital Funds*** and the ***Guidelines No. 3 for Filing of Private Investment Funds - Change of Manager for Private Investment Funds*** issued by AMAC collectively.

Chapter 6
Fund Types and Legal Framework

1. Public Funds

At present, all public funds in China are contractual (i.e., unit trust) funds based on the legal relationship of trust, under which the fund manager and the fund custodian jointly act as the trustee, and the fund unitholder is both the principal and the beneficiary.

The dual-trustee legal structure consisting of the fund manager and the fund custodian is unique to Chinese funds and rarely seen in most other countries and regions. Under this structure:

1) The functions and powers of the fund manager are as follows:

A. raising funds and handling the issuance and registration of fund units according to the law

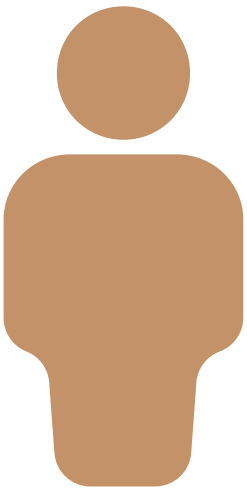
B. handling the fund filing procedures

C. separately managing and keeping accounts of different fund assets under management, and investing in securities

D. determining the fund dividend distribution plan according to the fund contracts, and making dividend distribution to fund unitholders in a timely manner

E. carrying out fund accounting and preparing fund financial accounting reports

F. preparing interim and annual fund reports



G. calculating and announcing the net asset value of funds, and determining the subscription and redemption prices of fund units

H. handling information disclosure matters relating to fund assets management activities

I. convening the fund unitholders' meeting in accordance with relevant provisions

J. maintaining records, books, statements, and other relevant materials of fund assets management activities

K. exercising litigation rights or taking other legal actions for the benefit of fund unitholders in the name of fund manager

L. other duties prescribed by the securities regulatory authority under the State Council

2) The functions and powers of the fund custodian are as follows:

A. safekeeping fund assets

B. opening fund accounts and securities accounts of fund assets in accordance with relevant provision

C. setting up separate accounts for different fund assets under custody to ensure the integrity and independence of fund assets

D. maintaining records, books, statements, and other relevant materials of fund custody activities

E. handling settlement and clearing matters timely in accordance with the fund contracts and the investment instructions of the fund manager

F. handling information disclosure matters relating to fund custody activities



G. issuing opinions on the fund's financial and accounting reports, interim and annual fund reports

H. reviewing and examining the net asset value of the fund assets and the subscription and redemption prices of fund units calculated by the fund manager

I. convening the fund unitholders' meeting in accordance with relevant provisions

J. supervising the investment operation of the fund managers according to relevant provisions

K. other duties prescribed by the securities regulatory authority under the State Council

3) The fund unitholders exercise their rights through the fund unitholders' meeting. The fund unitholders' meeting has the functions and powers to:

A. decide to offer new fund units or renew the term of the fund contract

B. modify any key provisions of the fund contract or terminate the fund contract early

C. replace the fund manager or the fund custodian

D. adjust the standard of remuneration of the fund manager and the fund custodian

E. exercise other functions and powers provided in the fund contract

The fund unitholders' meeting may, as agreed upon in the fund contract, elect personnel to constitute a general office to exercise the following functions and powers: convening the fund unitholders' meeting, proposing the replacement of the fund manager or the fund custodian, overseeing the fund manager's investment operations and the fund custodian's custody activities, and proposing the adjustment of the remuneration standard of the fund manager and the fund custodian.

Public funds must be issued and managed by public fund managers and be under the custody of fund custodians. According to the data released by CSRC, as of the end of June 2026, there were 68 fund custodians in total in China[45], among them are 30 securities companies, China Securities Depository and Clearing Corporation Limited (CSDC), China Securities Finance Corporation Limited, and 36 commercial banks.

Under the Fund Law, the ***Measures for the Supervision and Administration of Managers of Publicly Offered Securities Investment Funds***, and other relevant laws and regulations, the public fund manager may appoint a qualified fund service provider to handle the units registration, accounting, valuation, and other matters for the fund, and the fund custodian may appoint fund service providers to handle the accounting, valuation, review and other

45 Source: List of Securities Investment Fund Custodians (June 2026), CSRC

matters for the fund; however, the liabilities of the fund manager and the fund custodian under the law will not be exempted due to such appointment.

2. Private Asset Management Business of Securities and Futures Institutions

Most of the private asset management products issued by public fund management companies, securities companies, and futures companies are contractual products based on a legal relationship of trust, under which the manager and the custodian of the private asset management product jointly act as the trustee, and the unitholder is both the principal and the beneficiary. Under this structure:

1) The core functions and powers of the manager upon entrustment are: to undertake investment management, to conduct valuation and accounting as the party responsible for accounting matters, to handle unit registration, and to exercise rights of action or take other legal actions on behalf of investors.

2) The core functions and powers of the custodian upon entrustment are: to preserve the assets of the private asset management product, to carry out clearing and settlement according to the manager's investment instructions, to supervise the investment operation of the manager, and to disclose information related to the custody.

Different from public funds, a single asset management scheme (i.e., a private asset management product that is issued for a specific single investor) may, according to the asset management contract, choose not to engage a custodian for custody, provided that it has set out measures for the safety of its assets and dispute resolution mechanisms in the assets management contract.

3) The units of the asset management scheme at the same level share the same rights and risks. The unitholders of private asset management products will exercise their rights in accordance with laws, regulations, and relevant asset management contracts.

Slightly different from public funds, private asset management products may or may not set up the unitholders' meeting mechanism. The unitholders of private asset management products without unitholders' meeting mechanism may exercise their rights in accordance with laws, regulations, and relevant asset management contracts.

As with public funds, the manager or the custodian of private asset management products may appoint service providers for the asset management product, provided that the fiduciary duties of the manager and the custodian cannot be outsourced, and the liabilities of the manager and the custodian under the law will not be exempted due to such appointment.

3. Private Funds

3.1 Types of Funds

In the Chinese market, private funds can be classified by different sets of criteria. A common classification is by the type of target investment and market, by which private funds are divided into private securities funds and private equity funds. A private securities fund mainly invests in stocks, bonds, depository receipts, asset-backed securities, futures contracts, options contracts, swaps, forwards, units of other securities investment funds, and other assets recognized by the CSRC. A private equity fund mainly invests in the equity of unlisted companies, shares of unlisted public companies, shares issued by listed companies to specific investors, shares of listed companies traded through block trading or contractual transfer, non-publicly issued or traded convertible bonds or exchangeable bonds, market-oriented and law-based debt-equity swaps, units of other equity investment funds, and other assets recognized by the CSRC.

The scale of initial paid-in capital raised for a private fund investing in a single target should not be less than RMB 20 million. For a private securities or equity fund (excluding venture capital fund), the scale of initial paid-in capital should not be less than RMB 10 million. For a venture capital fund, the initial paid-in capital at the time of filing should not be less than RMB 5 million (provided that it should be agreed

in the fund contract that the paid-in capital should be increased to be RMB 10 million within 6 months after the filing). By the form of organization, private funds can be divided into contractual private funds, corporate private funds, and partnership private funds. By investment approach, private funds can be categorized into direct investment funds, which invest directly in the target companies, and indirect investment funds (or FOFs), which mainly invest in other private funds.

3.2 Legal Structure

The legal structures of private funds vary depending on their form of organization. Specifically:

(1) Contractual funds

All types of private funds can be structured as contractual funds. In practice, the contractual structure is commonly seen in private securities funds, but seldom in private equity funds.

For contractual private securities funds, like public funds, they are all based on the legal relationship of trust, under which the fund manager and the fund custodian jointly act as the trustee, and the fund unitholder is both the principal and beneficiary. Under this structure:

1) The core functions and powers of the fund manager upon entrustment are: undertaking investment management, conducting valuation and accounting as the party responsible for accounting matters, handling unit registration, exercising shareholder's rights on behalf of the fund, and supervising the fund custodian.

2) The core functions and powers of the fund custodian upon entrustment are: preserving the fund assets, carrying out the manager's investment instructions, conducting compliance review of the investment instructions, handling funds transfers, reviewing valuation and information disclosure, and supervising the fund manager.

3) Each fund unit of the same class has equal rights. The fund unitholders exercise their rights through the fund unitholders' meeting. The fund unitholders' meeting has the right to replace the manager/custodian, to adjust the remuneration of the manager and the custodian, to change the fund operating model, investment strategy or distribution mechanism, and to decide on the termination and liquidation of the fund.

The fund manager and the fund custodian of private securities funds may appoint service providers for the fund, provided that the fiduciary duties of the manager and the custodian cannot be outsourced. A fund service provider that is appointed to offer unit registration services, valuation and accounting services, or information technology system services should have been registered with the AMAC. The liabilities of the manager and the custodian under the law will not be exempted due to such appointment.

(2) Partnership funds

All types of private funds can be structured as partnership funds. Different from the contractual structure, the partnership structure (mostly the limited partnership structure) is the usual choice for private equity funds, but less so for private securities funds.

As for management model, a partnership fund may be managed by its executive partner serving the manager's duties or a manager hired by the executive partner. For this latter option, the manager must have controlling relationship or be controlled by the same controlling shareholder or actual controller with one of the executive partners. The responsibilities of the manager include looking for potential investment targets, conducting due diligence investigations, developing investment strategies, making investment decisions, and performing post-investment management. In addition to investment-related responsibilities, responsibilities related to fund management include but are not limited to raising funds and submitting periodic reports, and major event reports of the funds under its management to AMAC.

The partnership structure has tax advantages as income tax is levied on the taxable income allocated to each partner, not on the income of the partnership fund before that allocation.

(3) Corporate funds

A corporate fund is an independent legal entity established with capital contributed by investors, who will exercise rights and assume obligations and responsibilities as its shareholders in accordance with its articles of association.

As for the management model, a corporate fund may be managed by itself or by any other private fund manager engaged by it.

Corporate funds are governed by the ***Company Law of the People's Republic of China*** in their management structure. This type of fund is rare in practice for the consideration of tax because corporate income tax applies at the fund level.



Chapter 7 Application and Approval of Products and Institutions

1. Public Funds

1.1 Establishment of Public Fund Management Companies

Public fund management companies that are established upon approval by CSRC may raise funds and manage public funds. The Fund Law requires fund assets to be invested only in the following: (1) listed stocks and bonds; and (2) other securities and derivatives thereof prescribed by CSRC. Please see Section 1.3 of this Chapter for other asset management businesses public fund management companies may conduct. The following conditions should be met to establish a public fund management company:

1) Shareholders. According to the ***Measures for the Supervision and Administration of Managers of Publicly Offered Securities Investment Funds,*** shareholders of public fund management companies can be divided into three types: major shareholder(s) (i.e., shareholders holding 25% of equity or more (where there is more than one such shareholder, all such shareholders should be deemed as major shareholders), or, absent of them, the largest shareholder holding 5% of equity or more), non-major shareholder(s) holding 5% of equity or more, and non-major shareholder(s) holding less than 5% of equity. Furthermore, after a public fund management company is established, the new shareholder's qualification shall be preapproved by the CSRC ahead of any change of shareholder holding 5% of equity or more (including any person meeting this criterion after receiving a transfer of 5% of equity or more or subscribing for incremental registered capital), as well as any change of shareholder who holds less than 5% of equity but nevertheless has a significant impact on corporate governance.

The requirements on the qualifications of the sole shareholder of a wholly foreign-owned public fund management company ("WFOE FMC"), which basically combine the requirements on major shareholders, overseas shareholders and actual controllers as prescribed in the ***Measures for the Supervision and Administration of Managers of Publicly Offered Securities Investment Funds***, are as follows:

a) The major shareholder of the WFOE FMC should meet the following requirements:

(i) The shareholder itself and the institution(s) under its control shall have good credit and compliance records, good asset quality and financial position, sound corporate governance, well-established internal control system, effective risk management and control, and the ability to support the WFOE FMC in improving the latter's comprehensive competitiveness;

(ii) It is an institution that engages in the financial business or manages financial institutions according to law; it has good management performance, social reputation, and net assets of not less than RMB 200 million or its equivalent in a freely convertible currency in the last year; it has made a profit in each of the consecutive preceding 3 years; its investment in the WFOE

FMC is in line with its long-term strategy and contributes to the development of its principal business (if it is an institution that manages financial institutions, at least one of the financial institutions under its management should satisfy the requirements of this (ii) and relevant requirements of CSRC);

(iii) It has a practicable plan to improve the WFOE FMC's corporate governance and promote the WFOE FMC's long-term development and possesses the capital replenishment capacity commensurate with the WFOE FMC's business operation;

(iv) It has established a clear self-discipline mechanism to maintain the independence of WFOE FMC's business management and to prevent risk contagion and tunneling;

(v) It has formulated a rational and effective risk contingency plan for any business interruption of the WFOE FMC due to occurrence of risk events;

(vi) It has no record of material violations of laws and regulations or material negative integrity record in the preceding three years; it has not been imposed with criminal penalties for intentional criminal offenses, or it has been more than 3 years since the enforcement has been fully carried out; it is not under investigation due to suspected material violations of laws or regulations or during the rectification period;

(vii) It is not under any circumstance that may adversely affect the exercise of rights or performance of obligations as the shareholder, such as failure to conduct actual business operation for a long time, suspension of business, bankruptcy and liquidation, defective corporate governance, and dysfunctional internal control; and it is not involved in any guarantee, litigation, arbitration or other material events that may severely affect its ongoing operation;

(viii) It has a clear shareholding structure and is able to disclose each layer of its shareholding structure up to the ultimate beneficiary owner; its shareholding structure does not involve any asset management product unless otherwise approved by CSRC; and

(ix) It has neither been subject to substantial public skepticism for any dishonesty or violation of regulations, nor through such dishonesty or violation of regulations, caused a serious negative social impact yet to be eliminated; it shall not be less than 3 years since it was held principally liable for the operational failure of any company it invested in; and it has not committed any act that damages the interests of clients, such as misappropriation of clients' assets.

b) The overseas shareholder of the WFOE FMC should meet the following requirements as well:

(i) It is a financial institution with experience in financial asset management or an institution that manages financial institutions, which is duly incorporated and lawfully exists under the laws of the country or region where it is incorporated; it has a sound internal control mechanism; it has complied with the legal provisions and regulatory requirements of jurisdiction of its incorporation regarding major regulatory indicators during the last three years;

(ii) Its domicile country or region has well-established securities laws and regulatory system, whose securities regulatory authority should have entered into a memorandum of understanding on the cooperation in securities regulation and maintain effective regulation cooperation with CSRC or such other institutions as recognized by CSRC;

(iii) It has good international reputation and operating performance; it has ranked top globally in terms of financial assets under management, revenue, profit, and market share and other

indicators during the last three years; it has maintained a high credit standing for a long time during the last three years;

(iv) Its cumulative ratio of shareholdings or of holding rights and interests (including direct or indirect holdings) comply with China's arrangement for the opening-up of the securities industry; and

(v) Other requirements prescribed under laws, administrative regulations, and by CSRC upon approval of the State Council.

c) The actual controller of the WFOE FMC should meet the following requirements.

(i) Its net assets account for not less than 50% of its paid-in capital

(ii) Its contingent liabilities account for less than 50% of its net assets

(iii) It is not involved in any circumstance where it cannot repay any debts falling due; and

(iv) The requirements as set out in (iii) through (ix) under a) above

2) Capital. Public fund management companies must be established in the form of a company (instead of partnerships or any other forms) with a registered capital of not less than RMB 100 million which should be paid-in by shareholders in full with their proprietary cash from legitimate sources. Overseas shareholders are to make capital contributions in a freely convertible currency.

3) Personnel. Each public fund management company should have senior management personnel including the general manager, deputy general managers, chief financial officer, chief compliance officer, chief risk officer, and chief technology officer, as well as research, investment, operations, distribution, and compliance personnel. In general, no fewer than 30 of the senior management personnel and aforementioned business personnel should be licensed fund practitioners.

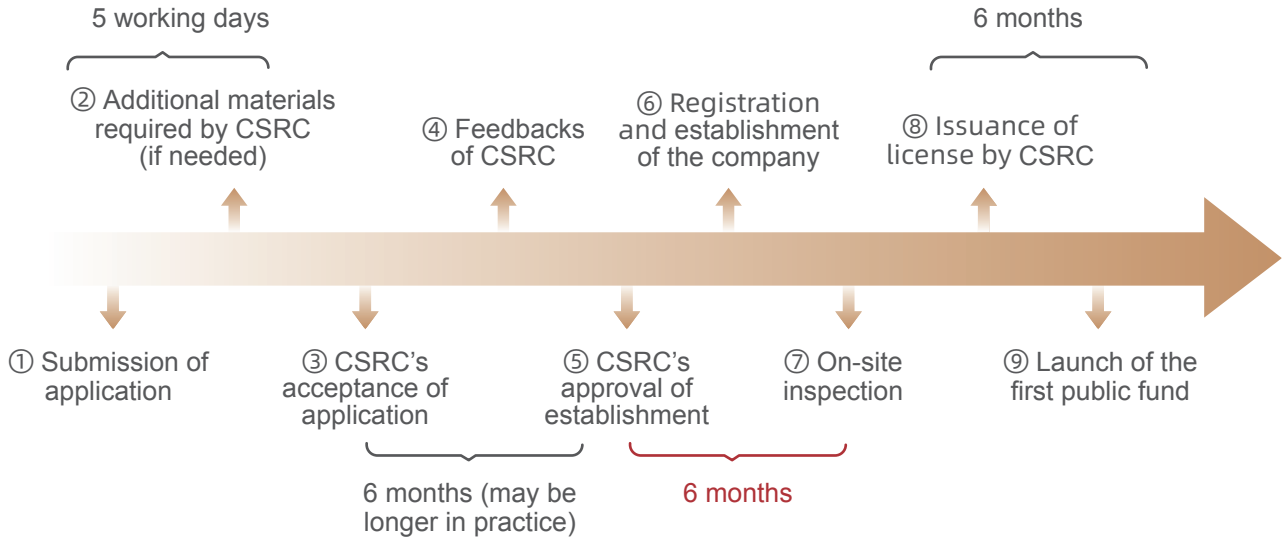
4) Software and hardware facilities. Public fund management companies must have business premises, security protection and other necessary facilities, and IT systems that are sufficient to support their operations. In general, the IT systems should cover aspects such as investment and management, distribution of funds, registration, accounting and information disclosure.

5) Application procedures. The application procedures consist of two phases—establishment application and on-site inspection.

Currently, a public fund management company is established under the "approval first, preparation later" mode. Under this mode, relevant parties need to first apply to CSRC for establishing the public fund management company, during which period they will go through the steps of acceptance of application, review of shareholders' qualifications and feedback of CSRC. During the preparation phase, which commences upon CSRC's approval of the establishment of the public fund management company, the applicant should complete the work required for carrying out public fund management business, including formulation of policies, staffing, technology systems, business premises and, facilities. After the preparations have been completed and approved by CSRC upon on-site inspection, CSRC will issue a securities and futures business license to the established public fund management company, after which the company may carry out relevant businesses.

Time required for the above procedures varies depending on such factors as the number of shareholders, the complexity of shareholders' backgrounds, and the work progress of the company's preparation team. At present, CSRC requires that public fund management companies complete the preparation work within six months after obtaining the approval for their establishment.

Figure10 | Application Procedures for Establishment of Public Fund Management Companies



According to the ***Measures for the Supervision and Administration of Managers of Publicly Offered Securities Investment Funds***, in addition to newly established public fund management companies, those other types of asset management organizations—such as asset management subsidiaries of securities companies and insurance asset management companies—that are qualified may also apply to the CSRC to get public fund licenses.

1.2 Registration of Funds

In accordance with the Fund Law, funds in China are subject to registration. According to the requirements of CSRC, public fund management companies are required to submit the fund contract, custody agreement, prospectus, legal opinion, and other registration application materials.

The fund registration documents include:

1) the fund contract, which is a fundamental legal document entered into by the manager, the custodian, and the fund unitholder. It is a trust contract setting out the rights and obligations of the fund manager, the custodian, and the fund unitholders. The fund contract generally includes the basic information of the fund, the filing of the fund contract, the effectiveness of the fund contract, the investment, subscription, redemption, and valuation of the fund, the dividend distribution of the fund, modification/termination of the fund contract, liquidation of assets of the fund, rules of procedure of the unitholders' meeting, and other aspects.

2) the custody agreement, which is a bilateral agreement between the manager and the custodian setting forth such matters as mutual supervision, carrying out investment instructions, and clearing and settlement.

3) the prospectus, which is an invitation for offer independently prepared by the manager. It sets out the fund's basic information, distribution channel, and a summary of the fund contract and the custody agreement, through which investors may have a clear view of the elements and purchase method of each fund.

According to applicable laws and regulations, CSRC will decide to approve or deny the registration of the fund within 6 months of accepting the application or, where fast-track procedures apply, generally within 20 working days of accepting the application. The fund manager should conduct fundraising within six months of receiving the registration approval.

1.3 Business Licenses for Public Fund Management Companies

Public fund management companies, upon being duly established, are automatically licensed for public fund management and may concurrently apply for the license for private asset management business. Where the requirements of relevant regulations on net assets, AUM, investment performance and staffing are satisfied, public fund management companies may further apply for the licenses for QDII, basic pension investment management, enterprise annuity investment management, social security fund investment management and other businesses, or issue single asset management schemes for insurance funds.

1) License for the Private Asset Management Business

At present, except for a few newly established companies, other public fund management companies have the license for private asset management business. Failing to apply for the license for private asset management business during the phase of establishment application, public fund management company needs to apply to CSRC separately after establishment.

2) License for QDII

With the QDII license, the public fund management company is entitled to raise funds within the foreign exchange quota granted by the foreign exchange administrative authority and invest in offshore markets. The QDII license is subject to the approval by CSRC.

3) License for Enterprise Annuity Investment Managers

Entrusted by enterprise annuity trustees (e.g., the pension company and enterprise annuity council), an enterprise annuity investment manager is to provide investment and management services for fund assets of enterprise annuity. This license is granted by the Ministry of Human Resources and Social Security of China after review by a panel.

4) License for Social Security Fund Investment Managers

A social security fund investment manager, as a professional investment management institution, is to operate and manage China's social security funds pursuant to the contract. This license is granted by the National Council for Social Security Fund ("Social Security Fund Council" or "SSFC"). The SSFC reviews the qualification of investment managers in a prudent and strict manner.

5) License for Basic Pension Investment Managers

Basic pension, including the pension for enterprise employees, staff of government departments and civic institutions, and urban and rural residents, is the most important part of China's pension security. In accordance with the ***Announcement on Assessment of Securities Investment Management Institutions for Basic Pension Insurance Funds*** issued by the Social Security Fund Council on October 26, 2016, the basic pension investment manager should have experience in managing domestic securities investments for national social security funds or managing investments for enterprise annuity funds. Upon review by the expert assessment committee organized by SSFC, this license is granted by the SSFC.

6) Issuance of Single Asset Management Schemes for Insurance Funds

Insurance funds refer to the capital, capital surplus, undistributed profits, various reserves and other funds, denominated in RMB and foreign currencies, of insurance group (holding) companies and insurance companies. According to the ***Notice of the CBIRC on the Investment of Insurance Funds in Financial Products*** issued by the CBIRC in April 2022, an eligible public fund management company may, by virtue of its license for private asset management business, issue a single asset management scheme for insurance funds of insurance group (holding) companies and insurance companies.

7) Subsidiaries of Public Fund Management Companies for Engaging in Specified Businesses

After meeting certain conditions of qualifications, the public fund management companies may establish

onshore and offshore subsidiaries. The onshore subsidiaries of public fund management companies may engage in businesses related to asset management, including public fund management, private equity fund management, investment advisory, financial services for pension funds, distribution of financial products, unit registration, valuation and accounting, and other businesses recognized by CSRC. The public funds managed by them include index funds, FOFs, pension investment products, and REITs, among others. Except for REITs subsidiaries that are allowed to be established jointly with the initial equity holders of infrastructure projects, in principle, such subsidiary should be wholly owned by a public fund management company and be strictly and effectively segregated from the parent company in the line of business.

It should be noted that the subsidiary of a public fund management company must meet the requirements for a new fund management company before engaging in the public fund management business, i.e., if the public fund management company intends to establish a subsidiary for the public fund management business, the company itself must meet the requirements for major shareholders of a fund management company, and the subsidiary must meet the requirements for the personnel, hardware, policies, and other aspects of a fund management company.

The public fund management companies can establish, acquire, and hold shares of operating institutions offshore. If a public fund management company newly establishes or establish an offshore subsidiary by way of acquisition, it shall, in principle, own all shares of such offshore subsidiary. Offshore subsidiaries or operating institutions whose shares are held by the public fund management companies shall engage in securities, futures, asset management, or other financial businesses recognized by the CSRC, as well as finance-related businesses recognized by the CSRC such as intermediary introduction of financial businesses, financial information services, financial information technology system services, and providing backend support services for specific financial businesses and products and shall not engage in businesses unrelated to finance.

8) License for the Fund Investment Adviser Business

In October 2019, CSRC started the pilot scheme of fund investment adviser business based on the principle of “pilot scheme before steady expansion”. Pilot institutions, including fund management companies and their distribution subsidiaries, may engage in fund investment advisory business by accepting the appointment of clients to provide advice on fund investment strategies of investment portfolio and receiving direct or indirect economic profits in accordance with the provisions of agreements.

2. Private Asset Management Products of Securities and Futures Institutions

2.1 Application for the License for Private Asset Management Business

Securities and futures institutions include securities companies, public fund management companies, futures companies, and their legally established subsidiaries engaging in private asset management business. To engage in the private asset management business, a securities or futures institution should meet the following requirements:

1) complying with laws, administrative regulations, and CSRC’s rules in terms of net assets, net capital, and other financial and risk control indicators;

2) having a well-established corporate governance structure and sound internal control, compliance management and risk management policies;

3) having qualified senior management personnel and three or more investment managers;

4) having an investment research department with at least three full-time employees engaging in investment research;

5) having business premises, security protection facilities and IT systems that comply with relevant

requirements;

6) not having been subject to any administrative or criminal penalty due to a material violation of the laws and regulations in the last two years, not having been subject to any administrative supervision measures by the regulatory authority due to a material violation of the laws and regulations in the past one year, nor being subject to investigation by the regulatory authority or competent authority due to a suspected material violation of the laws and regulations; and

7) other requirements prescribed by CSRC based on the principle of prudent regulation.

If a securities company, public fund management company, or futures company establishes a subsidiary to engage in the private asset management business and causes its investment and research department to provide investment and research services for the subsidiary, it is deemed to have met the requirement in Paragraph 4).

In particular, a public fund management company or futures company that intends to engage in the private asset management business by itself, or a securities company, public fund management company or futures company that intends to establish a subsidiary to do so should apply to the CSRC for approval, while a securities company that intends to change its scope of business (by adding the private asset management business) should apply to the CSRC branch at where the securities company is domiciled for approval.

2.2 Business and Investment Operations of Private Asset Management Products

Private asset management products can only be offered to qualified investors in private. Securities and futures institutions may either establish a single asset management scheme for a single investor or a collective asset management scheme for several investors. The number of investors in a collective asset management scheme shall be no less than two and not more than two hundred, but for a qualified employee stock ownership plan, the enrolled employees are not counted as separate investors in a penetrating way. By the type of assets to invest in, asset management schemes can be divided into fixed-income schemes, equity schemes, commodity and financial derivative schemes, and hybrid asset management schemes.

A private asset management scheme may invest in:

1) bank deposits, inter-bank deposits, and standardized credit assets, including but not limited to bonds, central bank bills, asset-backed securities, debt financing instruments for non-financial enterprises and other credit assets that are traded on a stock exchange, the inter-bank market or any other trading venue established upon approval by the State Council, can be divided into equal shares, and have reasonable fair value and a well-established liquidity mechanism;

2) listed companies' stocks, depository receipts, and other standardized equity assets recognized by CSRC;

3) futures, options contracts, and other standardized futures and derivative assets that are centrally traded and cleared on a securities or futures exchange or any other lawful trading venue;

4) public funds, as well as CSRC-recognized asset management products that are administered mutatis mutandis with reference to public funds;

5) non-standardized credit assets, equity assets, and futures and derivative assets other than those set out in Paragraph 1) to Paragraph 3);

6) asset management products issued by institutions regulated by the financial regulatory authority under the State Council other than those set out in Paragraph 4); and

7) other assets recognized by the CSRC.

Assets referred to in Paragraph 1) to Paragraph 4) are standardized assets, while those referred to in Paragraph 5) to Paragraph 6) are non-standardized assets.

There are differences in the scope of standardized assets and non-standardized assets in which different types of securities and futures institutions may invest. The specific differences are as follows:

Type of Institution	Investable Asset Class	Description
Securities companies and their subsidiaries engaging in the private asset management business	Assets under Paragraph 1) to Paragraph 6)	Being allowed to invest in standardized assets and non-standardized assets. However, securities companies and their subsidiaries, as well as subsidiaries controlled by the same securities company, shall not engage in horizontal competition.
Public fund management companies	Assets under Paragraph 1) to Paragraph 4), and Paragraph 6)	Being allowed to invest in standardized assets only. When they invest in the products set out in Paragraph 6) (asset management products issued by other financial institutions), the underlying assets of such products should also be standardized ones.
Subsidiaries of public fund management companies engaging in the private asset management business	Assets under Paragraph 1) to Paragraph 6)	Being allowed to invest in standardized assets and non-standardized assets, but avoiding horizontal competition with the parent companies (public fund management companies) or other subsidiaries controlled by the same public fund management company.
Futures companies (that are not rated AA in Class A or above in either/both of the last two assessment cycles) and their subsidiaries	Assets under Paragraph 1) to Paragraph 4), and under Paragraph 6)	Being only allowed to invest in standardized assets. When they invest in the products set out in Paragraph 6) (asset management products issued by other financial institutions), the underlying assets of such products should also be standardized ones.
Futures companies (that are rated AA in Class A or above in the last two assessment cycles) and their subsidiaries	Assets under Paragraph 1) to Paragraph 6)	Being allowed to invest in standardized assets and non-standardized assets such as over-the-counter derivatives, etc.

2.3 Filing of Private Asset Management Products

Securities and futures institutions should, within five working days upon the establishment date of a private asset management product, submit the asset management contract, list of investors and their subscription amount, asset payment certificate and other materials to AMAC for filing.

3. Private Funds

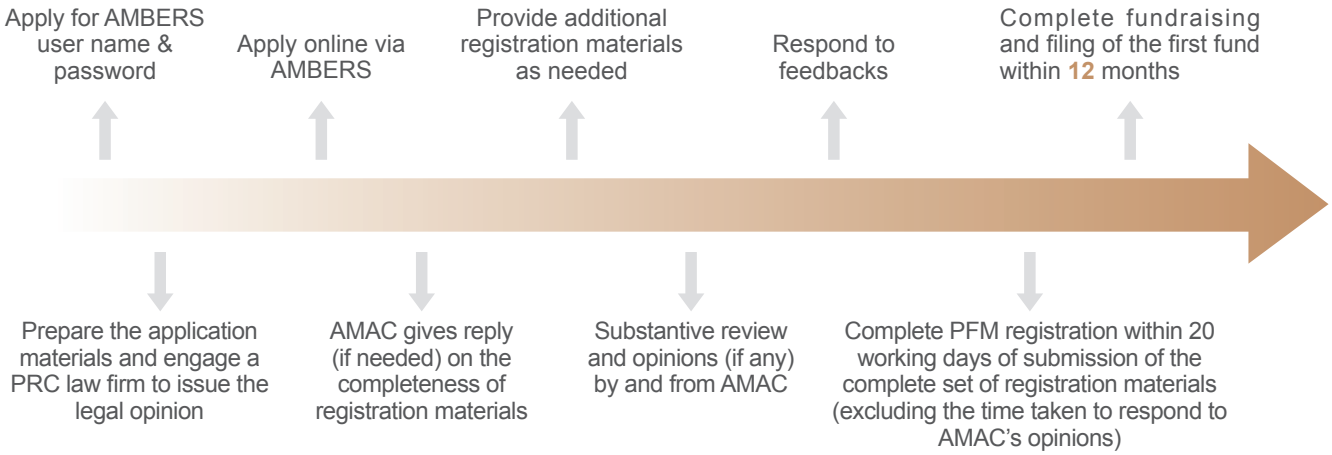
3.1 Registration as PFMs

According to the requirements of the ***Document No. 54***, an institution intending to apply for the registration and filing of private funds shall apply for registration as a market entity after passing the comprehensive

assessment and consultation process. According to the ***Measures for the Registration and Filing of Private Investment Funds***, a company or partnership should apply for registration as a private fund manager ("PFM") within 12 months after industrial and commercial registration. It may launch private investment funds only after completing the registration as a PFM with the AMAC. An applicant may register either as a manager of private securities fund or as a manager of private equity/venture capital fund based on the nature of its business.

Subject to compliance with the rules and regulations, private securities investment fund managers may also provide investment advisory services to asset management products as a third party. Registration with AMAC requires a legal opinion issued by a CSRC-registered law firm and the legal opinion should affirm that the applicant satisfies the registration requirements for PFM. Upon approving the application, AMAC will publish the registration status on its official website.

Figure 11: Application Procedures for Registration of PFMs



3.1.1 General Conditions for Fund Manager Registration

Laws and regulations including the Fund Law, the ***Private Fund Regulation,*** the ***Interim Measures for the Supervision and Administration of Private Investment Funds***, and the ***Measures for Registration and Filing of Private Investment Funds*** provide that AMAC is in charge of the registration of PFMs. AMAC, through its self-regulatory rules and operational guidelines, has set out various requirements for the registration of private securities fund managers, which include but are not limited to the following:

	Criteria	Specific Requirements
1)	Limit on the time interval between industrial and commercial registration and PFM registration	The company or partnership should apply for registration as a PFM within 12 months of the date of industrial and commercial registration.

2)	Minimum paid-in capital	◉ A PFM may only make capital contribution in cash and its paid-in capital may not be less than RMB 10 million or its equivalent in another freely convertible currency; ◉ The registered capital and paid-in capital must meet the thresholds established by the ***Measures for Registration and Filing of Private Investment Funds*** to ensure sufficient capital for the institution's effective functioning;and ◉ If the paid-in capital is less than 25% of the registered capital, AMAC will provide a special warning in the published information of private fund managers.
3)	Equity Structure	◉ The equity structure of a private fund manager should be simple, clear, and stable, avoiding excessive layers and complex arrangements. Without reasonable justification, a structure of more than two layers should not be created through special purpose vehicles. Furthermore, a private fund manager should not employ special purpose vehicles or other measures to circumvent any requirements regarding the financial status, integrity, or professional competence of its shareholders, partners, or de facto controllers.
4)	Independent and stable business premises	◉ The PFM may not use shared office or other unreliable venues for its business premises; ◉ The PFM may not share its office with its shareholders, partners, actual controller, or affiliates; and ◉ If the business premises are leased, the remaining lease term should not be less than 12 months from the date of application for registration.
5)	Internal control	The applicant for PFM registration should develop sound internal control mechanism and improve internal control measures and ensure that there are well-designed, appropriate, and effective internal control, risk control, and compliance management frameworks, which comprise without limitation firewalls, business segregation mechanisms, policies for the declaration, recording, review, and disposal of investment by practitioners, policies for ensuring fund safety and managing related-party transactions, policies for suitability of qualified investors, and contingency plans.
6)	Specialization	◉ A PFM should be committed to specialization by having well-defined primary businesses and ensuring its fund investment activities are consistent with the type of activities on record, and in general should not concurrently engage in different types of private fund management businesses either publicly or in disguise; ◉ A PFM should not engage in any conflicting or unrelated business either publicly or in disguise. Conflicting businesses include without limitation private lending, private financing, mini-wealth management, mini-lending, guarantee, factoring, pawning, finance leasing, internet

				lending information intermediary, crowd-funding, OTC margin lending, real estate development, and trading platform operation, and other business in conflict with the management of private funds; ◉ To ensure the fulfillment of the specialization requirement for PFM, a PFM must include the words “private fund,” “private fund management,” or “venture capital” in its name and, in its scope of business, words that reflect the nature of the private fund it manages, such as “private investment fund management,” “private securities investment fund management,” “private equity investment fund management,” or “venture capital fund management.”
7)	Personnel			◉ A PFM must have at least five full-time employees before it files the registration application with AMAC, and must have a general manager, chief compliance/risk officer, and senior management personnel in charge of investment; ◉ All employees should have the professional ethics and competence in line with their specialties and positions.
8)	Shareholding by senior management personnel			◉ The legal representative, executive partner or his/her appointed representative, and senior management personnel in charge of investment must each hold, directly or indirectly, a certain percentage of equity or share of asset in the PFM, and their total contributed capital must not be less than 20% of the paid-in capital of the PFM or RMB 2 million; ◉ This shareholding ratio requirement does not apply to (i) any PFM controlled by such financial institutions as commercial banks, securities companies, fund management companies, futures companies, trust companies, and insurance companies; or by the government or its authorized agency; or by an organization regulated by an overseas financial regulator; or (ii) any other qualified PFMs that are exempted from meeting this shareholding ratio requirement.
9)	Work experience for senior management personnel	a)	Legal representative, executive partner or his appointed representative, principal persons in charge of operations and management, and senior management personnel in charge of investment	◉ Private securities fund manager: Five or more years of related work experience in managing securities, fund, or futures investments that meets the requirements of Article 4 of the ***Guidelines No. 3 for Registration of Private Fund Managers***. ◉ Private equity fund manager: Five or more years of work experience in managing investments in equities or related sectors that meets the requirements of Article 5 of the ***Guidelines No. 3 for Registration of Private Fund Managers***.
		b)	Chief compliance/ risk officer	◉ Three or more years of related work experience in an investment-related legal, accounting, auditing, supervision, or internal audit function, or in the compliance, risk control, regulation, or self-regulatory function in the asset management industry that meets the requirements of Article 6 of the ***Guidelines No. 3 for Registration of Private Fund Managers***.

9)	Work experience for senior management personnel	c)	Senior management personnel in charge of investment	They should possess the following investment performance: ◉ Private securities fund manager: He/She should submit his/her investment performance records of at least 2 consecutive years over the past 10 years, with the AUM of a single product or account no lower than RMB 20 million on an ongoing basis. ◉ Private equity fund manager or venture capital fund manager: He/She should submit records of his/her experience in leading at least two equity investments in unlisted enterprises over the past 10 years, with a total investment of not less than RMB 30 million and successful exit from at least one of the investments through IPO, equity acquisition or equity transfer, or other qualified investment performance records.

3.1.2 Foreign-Invested PFMs

Compared with domestic PFMs, foreign-invested PFMs are subject to certain special requirements for their cross-border and foreign-invested nature. For example, foreign-invested PFMs need to comply with the regulations of China's foreign exchange administrative authority in the use of capital and use of the RMB funds exchanged from foreign currencies.

In addition, the foreign shareholder(s) and actual controller of foreign-invested PFMs should be the financial institution(s) approved or recognized by the financial regulatory authority of the country or region of its domicile, and the securities regulatory authority of the country or region where such foreign shareholder or actual controller is incorporated should have entered into a memorandum of understanding on the cooperation in securities regulation with CSRC or other organizations recognized by CSRC. Furthermore, the foreign shareholder(s) and actual controller may not have been subject to any material penalty by the regulatory authority or judicial authority in the last three years. When trading securities or futures in China, foreign-invested PFMs, being companies incorporated in China, should make investment decisions independently and may not issue trading instructions through an overseas organization or system.

Under the authority of Article 61 of the ***Private Fund Regulation***, the CSRC will work with other departments of the State Council to develop the administrative measures for foreign-invested PFMs in accordance with the laws and administrative regulations on foreign investment and the ***Private Fund Regulation***.

3.2 Filing and Operation of Private Funds

In accordance with the Fund Law, the ***Private Fund Regulation, the Interim Measures for the Supervision and Administration of Private Investment Funds***, the ***Certain Provisions on Strengthening the Regulation of Privately Raised Investment Funds***, and other laws and regulations, AMAC oversees the filing of private funds and has set out various requirements for such filing through self-regulatory rules and operational guidelines, including the ***Measures for Registration and Filing of Private Investment Funds***, the ***Guidelines for Filing of Private Investment Funds,*** the ***Relevant FAQs about Registration and Filing of Private Funds***, the ***Guidelines on Naming of Privately-raised Investment Funds***. The ***Guidelines for Operation of Private Securities Investment Funds*** effective from August 1, 2024 set out clear requirements on the standardized operation of private

securities investment funds, covering all aspects of the fundraising, investment and operation of private securities investment funds.

The filing and operation of private investment funds is also subject to certain requirements, mainly including the following:

1) Fund type and the ratio requirement of the corresponding asset type

Private securities investment funds can be further categorized into types of equities, futures and derivatives, fixed-income, hybrid private securities investment funds, and private securities investment FOFs. An equities private securities investment fund is a fund whose investment in stocks and other equity assets is not less than 80% of the invested assets of the private securities investment fund; a futures and derivatives private securities investment fund is a fund whose notional value of positions of futures and derivatives is not less than 80% of the invested assets of the private securities investment fund, and the interests in the futures and derivatives account exceeds 20% of the invested assets of the private securities investment fund; a fixed-income private securities investment fund is a fund whose investment in deposits, bonds and other debt assets is not less than 80% of the invested assets of the private securities investment fund; a hybrid private securities investment fund is a fund whose investment in fixed-income, equities, futures and derivatives assets does not reach the standards for the aforesaid three types of funds; a private securities investment FOF is a fund whose portfolio investment in other securities investment funds is not less than 80% of the invested assets of the private securities investment FOF.

2) Naming

All private funds, whether having a contractual, partnership, or corporate structure, must comply with the requirements of the ***Guidelines on the Naming of Private Investment Funds*** and the ***Guidelines for Filing of Private Investment Funds***. For example, the name of a private fund may not indicate or imply zero loss or a minimum guaranteed return on investment, nor contain words such as “asset management scheme,” “trust plan,” “segregated account,” or “wealth management product” which are identical or similar to those asset management products of financial institutions. The name should additionally feature the wording of the type of the private fund business. Without approval or authorization, the name of the fund shall not use words that are the same as or similar to those of major national development strategies, financial institutions, well-known private fund managers, etc., which may mislead investors, and shall not use words that are contrary to public order and morals, or that may cause adverse social impacts in the name of the fund.

Specifically, the name of the private securities investment fund shall indicate the abbreviation of the name of the private fund manager and the words “private securities investment fund”. The name of the private equity fund shall indicate the words “equity fund”, “equity investment”, etc. If the organizational form of the private equity fund is contractual, the name shall indicate the word “private equity fund”. A venture capital fund (whether a company or a partnership) should contain the words of “venture capital fund” in its name, or the words of “engaging in venture capital activities” in its business scope.

3) Term

Each private fund should have a specific duration of business. Specifically, close-ended private securities investment funds should have a term of no less than one year; private equity funds should have a term of no less than five years, but a term of seven years or longer is encouraged.

4) Dealing Arrangement and Lock-up Period

Open-ended private securities investment funds are open for the subscription and redemption once a week at most, and each opening shall not last for more than 2 days. It shall be stipulated in the fund contract that if the total investment in the credit bonds (excluding convertible bonds) rated AA or below and the liquidity-restricted assets exceed 20% of the

net asset value of the fund, the fund shall open for subscription and redemption once a quarter at most and each opening shall not last for more than 5 days. The fund contract of the private securities investment fund shall set up a lock-up period for unitholding of no less than 3 months, or short-term redemption fee arrangement corresponding to the fund unitholding period (redemption fee charged shall be attributed to the fund assets). Where a PFM and its employees invest in the fund under its management, the lock-up period shall be no less than 6 months.

After the completion of the filing of the private equity fund, investors shall not redeem or withdraw, but the following circumstances are not categorized into the foregoing redemption or withdrawal: dividends attributable to the closed operation period of the fund, transfer of fund units, reduction of the investors' capital contribution that has not yet been paid in full, withdrawal from the investments to reduce capital, or removal, replacement or withdrawal of investors who breach the contract or fall under statutory circumstances.

5) Investment scope

A private securities investment fund mainly invests in stocks, bonds, depository receipts, asset-backed securities, futures contracts, options contracts, swap contracts, forward contracts, units of other securities investment funds, and other assets recognized by the CSRC. A private equity fund mainly invests in the equity of unlisted companies, shares of unlisted public companies, shares issued by listed companies to specific investors, shares of listed companies traded through block trading or contractual transfer, non-publicly issued or traded convertible bonds or exchangeable bonds, market-oriented and law-based debt-equity swaps, units of other equity investment funds, and other assets recognized by the CSRC.

A PFM is required to expressly state the investment scope of the private investment fund in the fund contract. Private investment funds may not directly or indirectly engage in non-private fund investment activities, such as loans or guarantees (other than those with a term of one year or shorter to the enterprises being invested in according to the relevant contract and for the purpose of equity investment) and debt investment masqueraded as equity investment, or invest in factored assets, finance lease assets, pawned assets and other credit assets, equity or rights to income from equity, or make any other investment without limitation of liability.

6) Investment ratio

The ***Guidelines for Operation of Private Securities Investment Funds*** provide relevant provisions on the investment ratio of private securities investment funds. Except for the circumstances that can be exempted from the application as expressly provided in the ***Guidelines for Operation of Private Securities Investment Funds***, private securities investment funds shall comply with the following investment ratio restriction requirements:

① Private securities investment funds shall comply with the double 25% diversified investment requirement, i.e. investment in the same asset by a single private securities investment fund shall not exceed 25% of the net asset value of such single private securities investment fund; investment in the same asset by all the private securities investment funds managed by a private fund manager shall not exceed 25% of the same asset.

② Private securities investment funds that involve bond investments are subject to further tightened investment ratios as stipulated by the ***Guidelines for Operation of Private Securities Investment Funds*** and the double 10% investment restriction requirement is stipulated, i.e., investment in the same bond by a single private securities investment fund shall not exceed 10% of the net asset value of such single private securities investment fund; the number of the same bond invested by all the private securities investment funds managed by a private fund manager shall not exceed 10% of the outstanding number of the same bond.

Investment by a single private securities investment

fund in the bonds issued by the same issuer and its related parties in aggregate shall not exceed 25% of the net asset value of such single private securities investment fund. Total number of bonds issued by the same issuer and its related parties invested by all the private securities investment funds managed by private fund managers under the control of the same actual controller shall not exceed 25% of the outstanding number of the relevant bonds.

When a private securities investment fund conducts bond pledge-style repurchase on a negotiated basis, the aforesaid limit requirements shall apply to the concentration of a single bond pledged or accepted for pledge and the amount of repurchase transactions with a single counterparty shall not exceed 10% of the net asset value of the fund.

③ Shares issued by a single listed company held by the private securities fund managers controlled by the same actual controller (including investment with proprietary funds, the investments made by the private securities investment funds under their management or the asset management products to which they serve as investment advisors) on an aggregated basis shall not exceed 30% of the outstanding shares of such listed company.

④ If a private securities investment fund carries out over-the-counter derivatives transactions, the ***Guidelines for Operation of Private Securities Investment Funds*** have imposed corresponding restrictions on the net asset value of the fund, ratio of the notional principal of the contract, and the margin, etc., from the perspectives of leverage reduction and risk prevention.

⑤ The ***Guidelines for Operation of Private Securities Investment Funds*** have also imposed requirements for leverage ratio, i.e. the total asset of a private securities investment fund shall not exceed 200% of the net asset value of the fund; where the total investment by a private securities investment fund in the credit bonds (excluding convertible bonds) rated AA or below and the liquidity-restricted assets exceed 20% of its net asset value, the total asset shall not exceed 120% of the net asset value of such fund.

As for private equity funds, according to the ***Measures for Registration and Filing of Private Investment Funds*** and the ***Guidelines for Filing of Private Investment Funds***, private equity funds investing in specific assets are subject to a certain ratio restriction, for example, if the investment in convertible bonds of a regional equity market is made, the amount of the investment shall not exceed 20% of the paid-in amount of the fund.

7) Custody

Private securities investment funds shall be held in custody by the fund custodian. As for private equity funds, private equity funds are to arrange for a fund custodian in those scenarios where their complex transaction structure is likely to create financial disputes. Examples of such scenarios include contractual private equity funds (except for those that can formulate policies and measures such as setting up a day-to-day organ for the general meeting of unitholders that can effectively perform the duty of safekeeping the fund assets in accordance with the fund contract), private equity investment funds indirectly investing in underlying assets through a special-purpose vehicle, such as another company or partnership.

8) Investors

A private fund can only raise funds from qualified investors.

Qualified investors of private funds shall mean entities and individuals that possess the corresponding risk identification ability and risk assumption ability, whose investment in a single private fund is not less than RMB 1 million, and that comply with the following relevant standards: (1) an entity with net assets of not less than RMB 10 million; (2) an individual with financial assets of not less than RMB 3 million or whose average income for the past three years is not less than RMB 500,000. Financial assets shall include bank deposits, stocks, bonds, fund units, asset management schemes, wealth management

products of banks, trust plans, insurance products, futures interest, etc.

9) Filing timeline

A PFM should file its private fund with AMAC within 20 working days upon completion of fundraising. The PFM is to provide documents and information required for the filing of the private fund and warrant their authenticity, accuracy, and completeness. If the filing materials are complete and conformant, AMAC will complete the filing procedures within 20 working days from receipt of the complete set of filing materials, and will publish the basic information about the filed private fund on its official website.

A newly registered PFM must file its first independently issued private fund product within 12 months of its registration.

10) Scale of Initial Fundraising Amount of the Fund

With the effectiveness of the ***Measures for Registration and Filing of Private Investment Funds***, a private securities fund or private equity fund must have an initial paid-in capital of not less than RMB 10 million. Notably, the initial paid-in capital of a venture capital fund can and should be no less than RMB 5 million at time of filing, with the provisions in the fund contract requiring the paid-in capital amount to reach at least RMB 10 million within 6 months of filing. Any private fund that invests in a single asset class should raise no less than RMB 20 million in the initial offering.

11) AUM requirement

The ***Guidelines for Operation of Private Securities Investment Funds*** have stipulated relevant provisions on the AUM of private securities investment funds. If the average daily net asset value of the private securities investment fund in the previous year is less than 10 million yuan, the private fund manager shall make relevant disclosure to investors within 5 working days. If the average daily net asset value of the private securities investment fund in the previous year is less than 5 million yuan, or the net asset value of the fund in the previous year is less than 5 million yuan for 60 consecutive trading days, the fund manager shall make relevant disclosure to investors and suspend the subscription of the fund within 5 working days; and if the net asset value of the fund is less than 5 million yuan for 120 consecutive trading days after the subscription of the fund is suspended, the fund will be forced to enter into liquidation procedures.

3.3 Provision of Investment Advice by Private Securities Fund Managers

Private securities fund managers that meet all of the following conditions may provide investment advisory services for the private asset management products of securities and futures business organizations (including securities companies, public fund management companies, futures companies, and their respective subsidiaries):

1) being a member of AMAC that has been registered with AMAC for one year or more without any record of material violations of laws and regulations;and

2) having not less than 3 investment management personnel, each of whom should have more than 3 years' continuous and traceable performance record in securities and futures investment management and without negative practice record.

4. Cross-Border Investment Pilot Schemes

4.1 QFLP Pilot Scheme

The pilot scheme of Qualified Foreign Limited Partners ("QFLP Pilot Scheme") allows qualified foreign investors to participate in the establishment of domestic equity investment enterprises within the regions implementing the QFLP Pilot Scheme. The QFLP Pilot Scheme was first launched in Shanghai in 2011, providing foreign investors with an opportunity to set up enterprises of equity investment in Shanghai alone or jointly with other investors. Since then,

many other regions in China have introduced their own frameworks for the QFLP Pilot Schemes. The Shanghai Municipal People's Government has set up a joint conference for the QFLP Pilot Scheme ("Joint Conference") at the municipal level as a deliberative coordination mechanism, led by the Financial Commission Office of the CPC Shanghai Municipal Committee, to review and approve applications for participating in the QFLP Pilot Scheme.

If a management enterprise under the QFLP Pilot Scheme (i.e., QFLP fund manager) is required to apply to AMAC for registration as a PFM and to complete filing for private funds, it should register with AMAC as a PFM and be subject to the regulations of CSRC and the self-regulatory rules of AMAC. An enterprise under the QFLP Pilot Scheme (i.e., QFLP fund) should be filed with AMAC and be subject to the rules of the private fund regulatory authority and the self-regulatory rules of AMAC.

To become a management enterprise under the Shanghai QFLP Pilot Scheme, the following conditions must be met:

1) The name of the management enterprise should meet the requirements of the competent national authorities;

2) The management enterprise should have at least one investor, and the business scope of the investor or its affiliates should be related to equity investment or equity investment management business;

3) When applying for establishment as a management enterprise, there should be at least two senior management personnel who meet all of the following requirements:

i) having at least five years of experience in equity investment or equity investment management business;

ii) having served as senior management personnel for at least two years;

iii) having the experience of engaging in equity investment in the Chinese market or working experience in a financial institution in China; and

iv) having not been involved in any violations of regulations or pending lawsuits regarding economic disputes during the last five years and having a good integrity record.

The term "senior management personnel" means a manager at or above the level of deputy general manager or an equivalent role.

To become a QFLP fund under the Shanghai QFLP Pilot Scheme, the QFLP fund is required to meet the following conditions:

1) The name of the QFLP fund should meet the requirements of the competent national authorities;

2) Each partner should make a capital contribution in its own name, and each limited partner except for general partner should make a capital contribution of not less than USD 1 million.

3) The qualified foreign investors of the QFLP fund should mainly include foreign sovereign funds, pension funds, endowment funds, charitable funds, funds of funds (FOFs), insurance companies, banks, securities companies, and other foreign institutional investors recognized by the Joint Conference, and meet all of the following conditions:

i) having its proprietary assets or AUM meet certain thresholds during the financial year preceding the applicant's application;

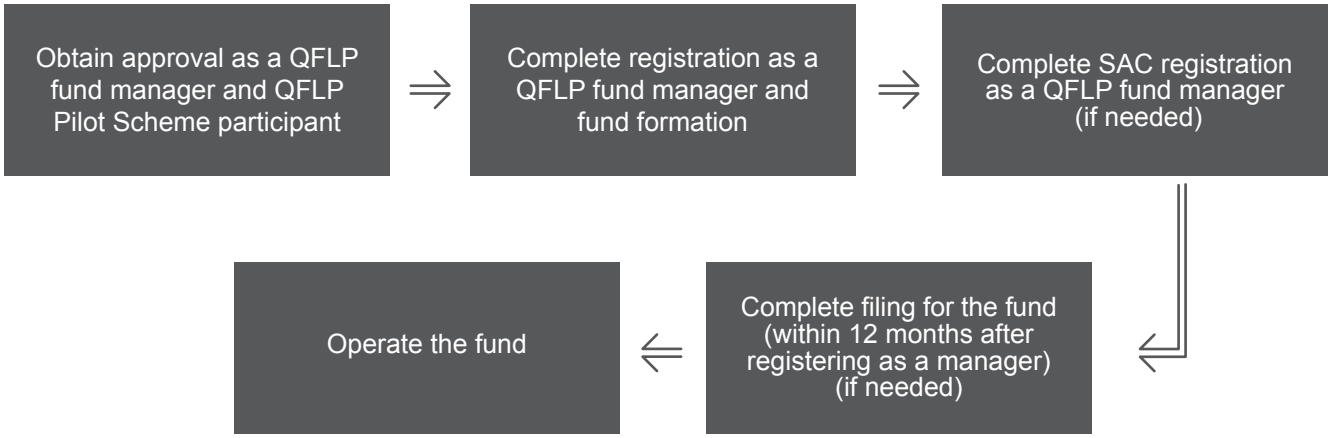
ii) possessing a sound governance structure and internal control system and having not been sanctioned by judiciary authorities or relevant regulators during the last two years;

iii) itself or any of its affiliated entities having at least five years of relevant investment experience; and

iv) meeting other conditions required by the Joint Conference.

4) The QFLP fund should appoint a qualified bank in China as its custodian, and the custodian bank of the QFLP fund should file its custody policies with the relevant authorities.

Figure 12: Application and Registration Procedures for QFLP Fund Manager (Management Enterprise under the QFLP Pilot Scheme)



On February 17, 2023, SAFE Shanghai Branch issued the ***Circular on Expanding the Scope of Certain Pilot Programs of Lin-gang Special Area for High-Standard Opening-Up of Cross-Border Trade and Investment***. The Circular expands the foreign exchange policies of QFLPs from Lin-gang Special Area to the entire city. The ***Instructions on Foreign Exchange Administration of Shanghai Qualified Foreign Limited Partners (QFLP)*** were released at the same time. Under the two documents, (i) the investment scope of QFLPs' funds raised overseas has been broadened. QFLPs are now allowed to invest in a variety of equity and debt assets in the Mainland, including the equity of unlisted companies, privately issued or traded common stocks of listed companies (including those from block trading and contractual transfer), preferred stocks convertible to common stocks and convertible bonds, and the right to participate in the rights issue of a listed company as an original shareholder. However, investment activities specified in the negative list, investment in real estate companies, and investment in local government financing platforms are excluded; (ii) the foreign exchange quota management and foreign currency registration of QFLP funds have been optimized. In particular, a QFLP manager may freely allocate the foreign exchange quota among the QFLP funds under its management. The requirements for registration of foreign-currency re-investment with proceeds from QFLP businesses and for registration of cash contributions are cancelled. The requirement for a QFLP fund to open a "settled-to-be-paid" account has been cancelled; and (iii) QFLP funds have been permitted to take additional organizational forms. In addition to the original partnership structure, QFLP funds can now adopt a corporate or contractual structure.

On December 29, 2023, the General Office of Shanghai Municipal People's Government issued a notice on *Several Measures for Further Promoting the High-Quality Development of Equity Investment Industry in Shanghai*, which proposed to deepen the QFLP Pilot Scheme. The managers participating in the QFLP Pilot Scheme are encouraged to register with the AMAC, provided that one of their controlling shareholder, actual controller or general partner meets the conditions such as having five-year experience in operation, management, or engaging in asset management, investment and related industries. To promote innovation in the QFLP Pilot Scheme, expand investment areas and investment methods, optimize procedures of application and change of Pilot Scheme, and facilitate institutional investors such as sovereign funds, pension funds, endowment funds and university foundations to invest in brick-and-mortar enterprises via the QFLP Pilot Scheme. On May 28, 2026, the General Office of the Shanghai Municipal People's Government

issued a notice on the ***Several Opinions on Deepening the Development of Shanghai as a Global Asset Management Center***, which expressly states that Shanghai will continue to optimize the Shanghai QFLP Pilot Scheme, improve the "one-stop acceptance" mechanism for the establishment of relevant entities, and further enhance cross-border investment facilitation.

4.2 QDLP Pilot Scheme

The QDLP pilot scheme policy, introduced in Shanghai in 2012, allows qualified overseas asset management firms to apply to the Shanghai QDLP pilot joint conference for recognition as a QDLP pilot scheme participant.

Currently, QDLP funds that have obtained the QDLP pilot qualification mainly adopt the feeder fund structure and directly invest in funds established by overseas asset management firms outside China. Overseas funds, covering public funds, private hedge funds, and private equity funds, are flexible and diversified in type.

Notably, in May 2022 the Shanghai Municipal Financial Regulatory Bureau and other relevant departments approved AZ Investment Management as a participant of the QDLP Pilot Scheme, making it the first registered WFOE PFM being approved for QDLP businesses under the "two-in-one" model. AZ Investment Management completed filing for the first QDLP fund on March 14, 2023. Up till now, apart from AZ, Bridgewater, iFast, Winton, Prescient, Russell, and Man Group have also adopted the "two-in-one" model.

On May 28, 2026, the General Office of the Shanghai Municipal People's Government issued a notice on the ***Several Opinions on Deepening the Development of Shanghai as a Global Asset Management Center***, which expressly states that Shanghai will improve the utilization efficiency of the QDLP Pilot Scheme quotas and promote the recycling of such quotas.

Chapter 8 Fund Service Providers

1. Fund Operation Service Providers

Pursuant to the ***Fund Law***, institutions providing the distribution, distribution-related payment, unit registration, valuation, investment advisory, rating, IT system and other fund services for public funds should be subject to registration or filing in compliance with the requirements of CSRC.

According to the ***Fund Law*** and the applicable self-regulatory rules of AMAC, a service provider for private funds is subject to the self-regulatory rules of AMAC and should register its type of services with the AMAC. As of June 2026, 45 private fund operation (including valuation, accounting and unit registration) service providers[46] had registered with AMAC, including 8 banks, 8 public fund management companies, 22 securities companies, 6 independent service providers, and 1 IT service provider.

2. Securities and Futures Brokers

Fund managers may engage in trading securities and futures listed on an exchange via brokerage services provided by securities and futures business organizations. To be specific, securities should be traded via securities companies and futures should be traded via futures companies.

Securities and futures companies providing brokerage services in China should obtain the prior approval of CSRC.

As of June 2026, 150 securities companies[47]and 150 futures companies[48] had obtained approval from CSRC for providing brokerage services.

3. IT System Service Providers

Under Article 44 of the ***Administrative Measures on the Information Technology of Securities and Fund Institutions*** promulgated by CSRC in December 2018, public fund management companies should select and work with IT service providers within the scope of filing with CSRC. According to the self-regulatory rules of AMAC, an IT system service provider which conducts private-fund-related businesses may register with AMAC. Currently, 4 IT system service providers were recognized by AMAC[49].

4. Accounting Firms and Law Firms

4.1 Accounting Firms

Pursuant to the updated Securities Law, since March 2020, China has canceled the administrative approval required for accounting firms to provide securities- and futures-related services. To provide such services today, an accounting firm is only required to file with the Ministry of Finance (MOF) and CSRC. During business operations, fund managers and the funds under their management are required to engage an accounting firm that has filed with MOF and CSRC to carry out capital verification, audit and other activities. In addition, during the operation of the funds, in case of change of valuation methodology or other circumstances that may have material impact on the net asset value of the fund, the fund managers should promptly seek the professional opinion from an accounting firm. If a side-pocket mechanism

46 Source: Publicized List of Private Fund Service Institutions: Unit Registration Services and Valuation Accounting Services, AMAC
47 Source: List of Securities Companies (June 2026), CSRC
48 Source: List of Futures Companies (June 2026), CSRC
49 Source: Publicized List of Private Fund Service Institutions: IT System Services, AMAC

is implemented, the fund managers should also engage an accounting firm as required by applicable regulations to issue a special audit opinion.

As of the end of August 2026, 101 accounting firms held qualifications to provide securities services.[50]

4.2 Law Firms

For a public securities fund to be issued, the legal opinion should be issued by lawyers or a law firm[51]. For private securities funds, private equity and venture capital funds to go through fund manager registration or product filing with AMAC, the legal opinion issued by lawyers or a law firm is also required. In December 2002, the Ministry of Justice and CSRC canceled the administrative approval required for lawyers and law firms to provide securities legal services[52]. Any lawyer or law firm that complies with relevant provisions of the ***Administrative Measures on the Provision of Securities Legal Services by Law Firms***[53] may provide the service of issuing legal opinions to fund managers. Qualified law firms may apply to join the AMAC as associate members on a voluntary basis.

5. Benchmark Valuation Data Service Providers

5.1 China Central Depository & Clearing Co., Ltd.

China Central Depository & Clearing Co., Ltd. (CCDC) provides ChinaBond Yield Curve, ChinaBond Valuation Index, ChinaBond Index, and other benchmark price indices to fully reflect price changes and risks in the RMB bond market. CCDC is a third-party benchmark valuation service provider recognized by AMAC. Of these indices, ChinaBond Valuation is used to measure 90% of the bonds held by onshore funds, and ChinaBond Index is used by 80% of onshore fund managers as the performance benchmark for fund products or the index tracked by bond index fund products. ChinaBond price indices are used as important references by more than 150 overseas institutions, including sovereign funds, when investing in China's bond market. In 2016, the Asian Development Bank (ADB) published ChinaBond Government Bond Yield on its website. In 2017, CCDC became the first Chinese member of the Index Industry Association (IIA).

5.2 China Securities Index Co., Ltd.

China Securities Index Co., Ltd. (CSI) is a financial market index provider funded by the Shanghai Stock Exchange and the Shenzhen Stock Exchange. As of the end of 2025, CSI managed over 8,000 indices, covering asset classes such as stocks, bonds, commodities, and funds across 20 major countries and regions around the world, particularly Shanghai, Shenzhen, and Hong Kong. While expanding its index-related businesses, CSI has also been committed to developing bond valuation. Its valuation products now include the CSI yield curve family, CSI bond valuation, and CSI special products valuation. As China's bond market continues to grow, valuation—a crucial bond market infrastructure—has been widely used by regulators and market participants as a benchmark indicator for risk management, market pricing, and market comparison.

5.3 China Foreign Exchange Trade System

China Foreign Exchange Trade System (CFETS), also known as the National Interbank Funding Center, is a sub-institution affiliated to the People's Bank of China (PBOC) and serves as China's major financial infrastructure. CFETS is the key provider of benchmark pricing services for exchange rates and interest rates in China. It is authorized to publish market benchmarks, including RMB Central Parity Rate, Shanghai Interbank Offered Rate (Shibor), Loan Prime Rate (LPR), and RMB Reference Rates. Using its unified interbank market trading database, it offers more than 30 types of benchmark and valuation services to domestic and international market participants and regulators. As one of China's earliest institutions to develop pricing curves and

50 Source: Directory of Accounting Firms Engaged in Securities Service Business (as of August 21, 2026), CSRC
51 Article 51 of the Fund Law: To register a publicly offered fund, a prospective fund manager should submit the following documents to the securities regulatory authority under the State Council: (5) a legal opinion issued by a law firm
52 Circular on Canceling the Qualification Approval for the Provision of Securities-Related Legal Services by Lawyers and Law Firms, issued by the Ministry of Justice and CSRC
53 Article 8 and Article 9 of the Administrative Measures on the Provision of Securities Legal Services by Law Firms

valuations for fixed-income products, CFETS initiated research on bond pricing benchmarks in 1999. Today, it provides a full range of bond benchmark products, including yield curves, valuations, and indices. Following regulatory requirements and market needs, CFETS capitalizes on its advantages as the primary bond trading platform with extensive data resources to promote bond valuations as benchmark standards for market monitoring. It continues to expand the application scenarios of bond valuations, effectively addresses the benchmark pricing needs of domestic and international investment institutions, and strengthens its role as core infrastructure in China's bond market.



Chapter 9 Fund Offering

1. Public Fund Offerings

As of June 2026, there were approximately 14,400 public funds in China. The funds are distributed either by fund companies or through sales agents such as commercial banks, securities companies, futures firms, insurance firms, insurance brokerage companies, insurance agencies, securities investment advisers, and independent fund distributors.

Currently, the distribution of public funds primarily relies on the direct distribution by fund companies and the indirect distribution by commercial banks, securities companies, and independent fund distributors. In 2025, independent fund distributors contributed the largest share of 41.06% to the total amount of fund subscription/purchase, a share that has grown steadily since the channel began operating. Commercial banks ranked second, with their share slipping slightly from the previous year to 34.39%. Direct distributors have seen their contribution decline continuously since 2017, falling to 8.18% in 2025.

Figure 15 Share of Fund Subscription Channels, 2016-2025 (%)

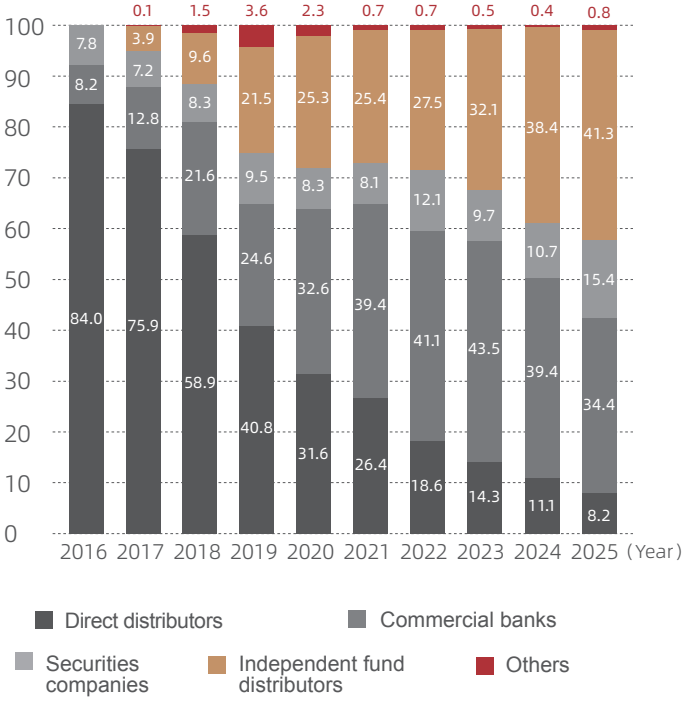
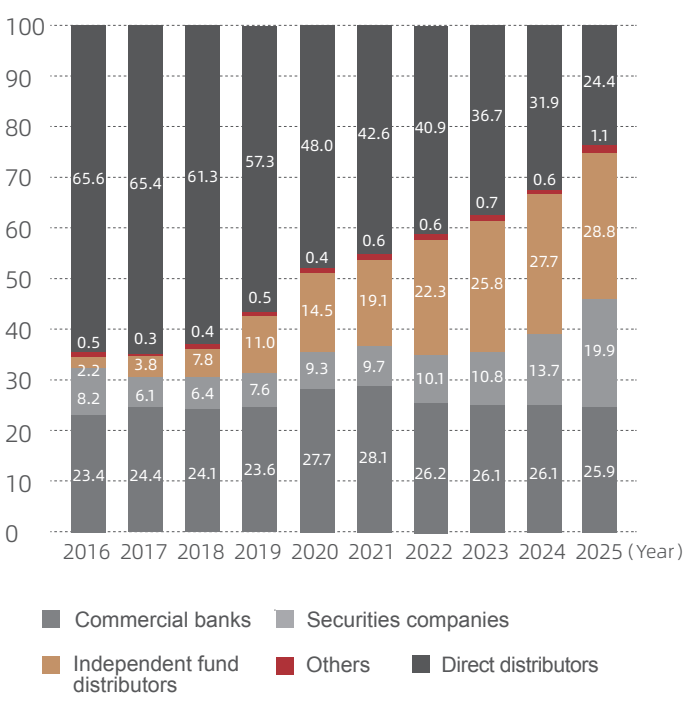


Figure 16 Breakdown of Fund Sales by Distribution Channels, 2016-2025[54] (%)



54 Source: AMAC Annual Report (2026)

As of July 2026, 392 public fund distributors had been approved by the CSRC, including 146 commercial banks (including foreign-owned banks incorporated in China), 98 securities companies, 99 independent fund distributors and fund company sales subsidiaries, and 49 other institutions (including insurance companies, insurance brokers, futures companies, and investment advisers)[55].

As of the end of 2025, independent distributors held the largest share of fund sales at 28.8%, a proportion that has risen year by year over the past decade. Commercial banks and direct distributors followed, with shares of 25.9% and 24.4%, respectively. Securities companies accounted for 19.9%, a share that has also trended upward in recent years.

In terms of effective accounts of public funds, the quantity of individual accounts far exceeds that of distributor accounts. For holdings of funds, the proportion of public funds held by institutional investors surged to 51% in 2019 and then fell. At the end of 2025, institutional investors accounted for 42%.

2. Private Fund Offerings

In accordance with the ***Administrative Measures on the Offering of Private Investment Funds*** promulgated on April 15, 2016, the offering of private funds may be carried out either by the PFM itself or by appointed institutions. According to the foregoing Administrative Measures and the ***Guidelines on the Internal Control of Private Investment Fund Managers***, if private investment funds are to be offered through appointed intermediaries, the intermediaries should have obtained the fund distribution license from the CSRC and become AMAC members. The ***Private Fund Regulations*** further requires that "a PFM shall offer private funds directly instead of through intermediaries, unless otherwise provided by the securities regulatory authority under the State Council."

Funds are offered variously and in accordance with different requirements based on the type of fund in question. Generally speaking, it is more common for private securities investment funds to be offered through intermediaries.

In most cases, private equity funds are directly offered by their managers to qualified investors. During this process, the managers generally directly send offering materials to target investors, directly engage the qualified investors through roadshows and other means to give presentations, and directly sign subscription documents with these investors.

China-based private investment funds pool their capital from a diverse range of contributors, including various enterprises or government entities, asset management products or investment schemes issued by various asset managers, and individual investors.

As of the end of 2025, private securities investment funds were mainly invested by individual investors. Individual investors[56] accounted for 45.61% with a total investment of RMB 2.98 trillion, various asset management schemes[57] accounted for 41.20% with RMB 2.70 trillion, and corporate investors[58]accounted for 11.89% with RMB 0.78 trillion[59].



55 Source: CSRC

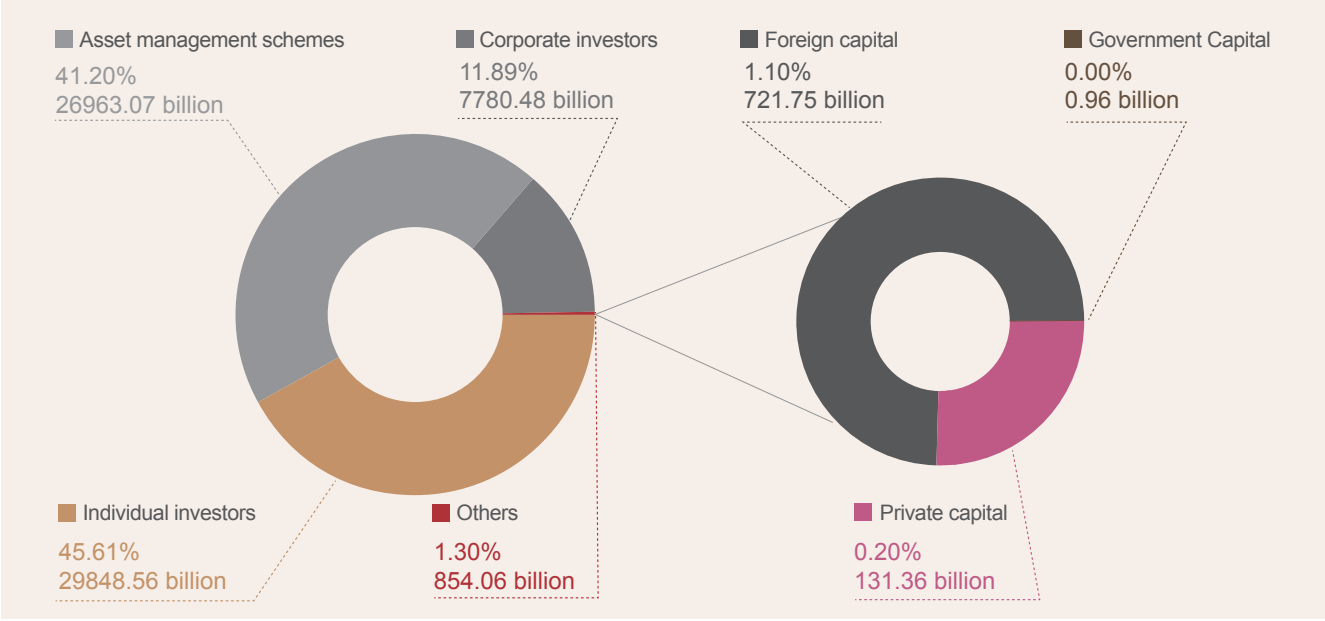
56 Individual investors are natural persons as employees and non-employees of PFMs who make co-investment

57 Asset management schemes include private funds, government-funded industrial investment funds, trust plans, asset management schemes of securities companies and their subsidiaries, asset management schemes of fund management companies and their subsidiaries, asset management schemes of futures companies and their subsidiaries, asset management schemes of insurance companies, and wealth management products of commercial banks.

58 Corporate investors include domestically incorporated institutions (such as companies), domestically unincorporated institutions (such as general partnerships), and PFMs that make co-investment

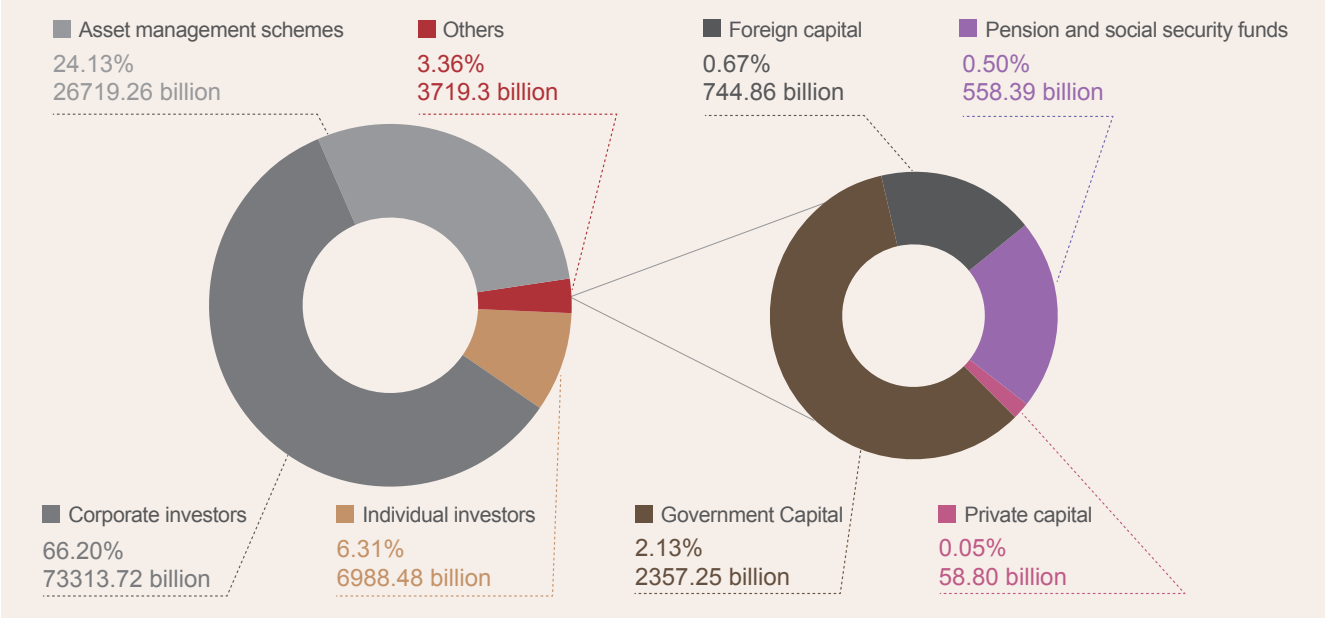
59 Source: AMAC Annual Report (2026)

Figure 17: Share of Investment in Private Securities Investment Funds by Investor at the End of 2025



As of the end of 2025, private equity funds were mainly invested by corporate investors and asset management schemes, with a total investment of RMB 10 trillion or 90.33% of the total, and individual investors had invested RMB 0.7 trillion, or 6.31%[60].

Figure 18: Share of Contribution to Private Equity Investment Funds by Investor at the End of 2025



60 Source: AMAC Annual Report (2026)

Chapter 10 Tax Policies on Funds

The tax law system in China is under continuous development. In general, enterprises that are incorporated and doing business in China may be subject to corporate income tax ("CIT"), value-added tax ("VAT"), and stamp duty. If the enterprise holds any real estate, it may also be subject to other taxes such as the property tax, land use tax, and land value appreciation tax. Among all these taxes, CIT and VAT are the two major tax categories, and they are imposed on almost all foreign-funded enterprises that engage in the asset management business in China.

1. CIT

1) Scope of Taxation and Tax Rate

Under the CIT legal framework in China, a fund that is structured as a company is considered a Chinese tax resident enterprise and is therefore subject to CIT at the rate of 25% for its income generated both in and outside China.

Taxable income for calculating CIT mainly refers to the balance derived from an enterprise's total revenue in each tax year after subtracting various deductions and permitted offsets of losses from the previous year(s). Taxable revenue mainly includes income from sale of goods, provision of services, interest, and investment; various deductions mainly refer to the costs, expenses, tax payments and losses actually incurred by an enterprise. In addition, certain types of revenue will be treated as non-taxable revenue or tax-exempt revenue; for example, government appropriations will be treated as non-taxable revenue and interest revenue from treasury bonds will be treated as tax-exempt revenue.

Private equity funds often take the form of partnerships. For a private fund that is structured as a partnership, the principle of "allocation before taxation" applies to the partnership's income from business activities and other income. Specifically, each partner of the partnership is a taxpayer. Natural-person partners are subject to personal income tax on the taxable income allocated to them; partners that are legal persons or other types of organizations are subject to CIT on the taxable income allocated to them.

2) Preferential Tax Treatment

According to relevant tax laws and regulations, CIT is not imposed, for the time being, upon: the revenue obtained by securities funds from the securities market, including the revenue derived from price differences between the purchase and sale of stocks and bonds, revenue from equity dividends and bonuses, and interest and other revenue on bonds; the revenue obtained by securities fund managers from price differences between the purchase and sale of stocks and bonds using funds; and revenue obtained by investors from the distribution of securities funds. The securities funds in this paragraph mainly mean public funds.

According to the ***Notice on the Pilot Corporate Income Tax Policy for Corporate Venture Capital Enterprises in Specific Areas of the Shanghai Pudong New Area*** issued in November 2021, corporate venture capital enterprises in specific areas of the Shanghai

Pudong New Area may be exempt from half or all of corporate income tax when they meet certain requirements.

As China introduced public REITs in 2021, the MOF and the State Taxation Administration (STA) released the Announcement [2022] No. 3 in 2022 to provide preferential tax treatment for these funds. Pursuant to the policy, before the establishment of an infrastructure REITs, where the original equity holder transfers the infrastructure assets to the project company in exchange for the equity interest of the project company, capital gain will not be recognized for both original equity holder and the project company, and CIT will not be levied. If the original equity holder transfers its equity interest of the project company to the infrastructure REITs during the establishment of the infrastructure REITs, the CIT derived from the increased value of the transferred assets will be deferred until the completion of fundraising and payment of the transfer price. The CIT derived from the increased value of transferred REITs units which are held by the original equity holder as per the strategic placement requirements will also be deferred until the actual transfer.

In accordance with applicable tax laws and regulations, if a venture capital structured as a company invests directly in the equity of a technology start-up and meets certain conditions, part of the investment amount could be used to offset its taxable income in the same year, and remaining amount could be carried forward to the subsequent tax years.

If a venture capital structured as a limited partnership invests directly in the equity of a technology start-up, part of the investment amount may be used to offset the income that corporate partners received from the partnership, and remaining amount may be carried forward to the subsequent tax years. Part of the investment amount may be used to offset the operating income that individual partners received from the partnership, and remaining amount may be carried forward to the subsequent tax years.

3) Reporting Requirements

CIT is calculated based on calendar years. Enterprises should file tax returns and complete final settlement with the tax authority within 5 months after the end of a calendar year. In addition, enterprises are generally required to prepay CIT on a quarterly basis and file tax returns with the competent tax authority for prepayment within 15 days after the end of each period.

2. VAT

1) Scope of Taxation and Tax Rate

China implemented overall VAT reform starting May 1, 2016. In accordance with relevant regulations, the revenue generated from providing financial and insurance services, including loan services, direct-charge financial services, insurance services and transfers of financial commodities, is subject to VAT. Therefore, foreign-funded enterprises that engage in asset management business are also required to pay VAT on their operating revenue. As funds are an important means of capital formation, the relevant tax system is also being reformed in order to promote the development of funds and the formation of long-term capital.

Under the current VAT system, VAT taxpayers are classified into general taxpayers and small-scale taxpayers. The amount of VAT payable by general taxpayers is calculated as follows:

The amount of VAT payable = sales amount x VAT tax rate - input tax

In the above formula, the VAT tax rate varies

based on the type of revenue, and the input tax generally refers to the amount of VAT paid by the taxpayer when purchasing taxable goods, services, intangible assets, or immovable property that are subject to VAT.

The amount of VAT payable by small-scale taxpayers is calculated as follows:

The amount of VAT payable = sales amount x VAT tax rate

In the above formula, the VAT tax rate is 3%.

It should be noted that partnership funds are required to separately file VAT returns and pay VAT on their taxable income according to the method described above because partnerships are independent taxpayers for purposes of VAT. For contractual funds, which are not VAT taxpayers in the traditional sense, their managers are required to pay VAT at a rate of 3% according to the simplified VAT collection method.

Under the current VAT system, taxpayers that engage in asset management business are subject to relatively complicated VAT treatment, which requires separating the business associated with asset management product operations from other businesses for different treatment, as set out in detail below.

For the asset management product operations business of asset management product managers, as mentioned above, the simplified VAT collection method applies at the rate of 3%. The asset management products specified in relevant regulations include public securities funds, private investment funds and other products, and the taxable revenue involved mainly includes revenue from loan services and from transfers of financial commodities.

For other businesses of asset management product managers, if the manager is a general taxpayer, the output tax should be calculated at the rate of 6% and input tax could be credited. “Other businesses” generally refers to direct-charge financial services, and taxable revenue refers to management fees, advisory service fees, etc.

According to the relevant regulations, VAT for the two types of businesses above should be calculated separately.

On December 25, 2024, the 13th Session of the Standing Committee of the 14th National People's Congress of the People's Republic of China adopted The Value-added Tax Law of the People's Republic of China ("Value Added Tax Law"), which is effective on January 1, 2026. The Implementation Regulations of the Value Added Tax Law of the People's Republic of China (the "Implementation Regulations") and other supporting policies have also been promulgated successively. The new law maintains the basic stability of the tax system and the overall level of tax burden remains unchanged. Compared to the previously implemented “The Provisional Regulations of the People’s Republic of China on Value-Added Tax” and other relevant regulations, the Value Added Tax Law, the Implementation Regulations and other relevant regulations have some noteworthy changes in the scope of taxable transactions, tax calculation methods, non-creditable input VAT, tax benefits, and tax payment deadlines. These changes may have a substantial impact on taxpayers. For asset management institutions, noteworthy changes include:

1) Optimized definition of sale of services, intangible assets and financial products within the territory of the People's Republic of China ("in China")

The definition of "A taxable transaction that occurs in China" in the Value Added Tax Law emphasizes "services or intangible assets are consumed in China". The Implementing

Regulations further clarify the circumstances under which services and intangible assets are deemed to be consumed within China, and these detailed provisions are consistent with the international practices for determining the place of consumption as set out in the OECD International VAT/GST Guidelines. Specifically, item (1) of the Implementing Regulations excludes "on-the-spot services consumed overseas ," which aligns with the international practice of determining the place of consumption; item (2) does not restrict the purchaser of services to domestic entities or individuals, which means that services or intangible assets sold by overseas entities or individuals to other overseas entities or individuals, where such services or intangible assets are directly related to goods, immovable property , or natural resources located in China, may be subject to VAT in China.

In addition, the Value Added Tax Law also provides a definition for the sale of financial products in China that, the financial products are issued in China, or the seller is an entity or individual in China.

2) Tax calculation method

According to the Value Added Tax Law, a taxpayer that carries out a taxable transaction shall calculate and pay VAT according to the general tax calculation method. In addition to general tax calculation methods, simple tax calculation method adopted by small-scale taxpayers is also provided in the Value Added Tax Law.

Meanwhile, the supporting policy, the ***Announcement on Matters Concerning the Transition of VAT Preferential Policies after the Implementation of the VAT Law*** (Announcement No. 10 of 2026), continues the simplified tax calculation method for the original asset management product operation business. It should be noted that, on the one hand, the new policy explicitly covers contractual asset management products, thereby excluding partnership-type asset management products; on the other hand, this policy is a time-limited retention measure (i.e., effective until the end of 2027).

3) Reduction and refinement of non-creditable input tax

The Value Added Tax Law excludes loan services from the list of non-creditable input VAT items. The Implementing Regulations explicitly stipulate that the input VAT corresponding to interest expenses on purchased loan services and related fees paid to the lender shall, for the time being, not be deductible, which is consistent with the original VAT policies. It is worth noting that the Implementing Regulations use the wording "for the time being not deductible," and propose that relevant authorities will study and evaluate the effectiveness of policy implementation in due course. This leaves room for future policy adjustments to bring VAT on loan services into the deduction chain, reflecting the requirement of "improving the VAT deduction chain" as set out in the *Decision of the Third Plenary Session of the 20th Central Committee of the Communist Party of China on Further Deepening Reform and Advancing Chinese Modernization*.

The Value Added Tax Law imposes restrictions on non-creditable catering services, daily services for residents, and entertainment services that are "purchased for direct consumption". It means that after the implementation of the Value Added Tax Law, enterprises may need to distinguish the purposes for purchasing these three services, and under certain specific circumstances, input VAT on service expenditures may be deductible.

Under the original VAT policies, the items for which input VAT was not deductible did not include input VAT corresponding to "non-taxable transactions." The Implementing Regulations stipulate that non-taxable transactions for which

input VAT is not deductible include business activities that can generate economic benefits other than VAT-taxable transactions and transactions deemed as taxable, but exclude the four categories of non-VAT-levied items such as interest income on deposits listed in Article 6 of the VAT Law.

4) Annual reconciliation for unallocated non-deductible input VAT

Under the original VAT regulations, the competent tax authorities could conduct a settlement of input VAT that could not be clearly allocated based on annual data. However, the Implementing Regulations require taxpayers to complete a full-year aggregated settlement within the tax filing period of January of the following year. This means that this matter has shifted from a right of the tax authorities to an obligation of the taxpayer, imposing higher requirements on enterprises' VAT filing and compliance.

5) Treatment of input VAT on long-term assets

The Implementing Regulations introduce the concept of "long-term assets" and set out new rules for the deduction of input VAT on long-term assets used for mixed purposes. Specifically, for a single long-term asset with an original value not exceeding RMB 5 million, the corresponding input VAT can be fully deducted from output VAT, continuing the deduction policy under the original VAT regulations; for a single long-term asset with an original value exceeding RMB 5 million, the input VAT is fully deducted at the time of purchase, and thereafter, during the period of mixed use, the non-deductible input VAT corresponding to the five categories of non-deductible items—namely, projects using the simplified tax calculation method, tax-exempt projects, non-taxable transactions, collective welfare, or personal consumption—is calculated based on the adjustment period and adjusted on an annual basis.

The VAT Law and the Implementing Regulations have been officially implemented since January 1, 2026. Enterprises need to pay special attention to the differences between the VAT Law and its supporting policies and the previous VAT regulations, and assess the potential impacts of these changes in order to respond effectively. In addition, apart from VAT, enterprises are generally also required to pay surcharges, including urban maintenance and construction tax, education surcharge, and local education surcharge, which are levied based on the actual amount of VAT paid by each entity or individual. According to the *Law of the People's Republic of China on Urban Maintenance and Construction Tax* and relevant regulations, which took effect on September 1, 2021, VAT paid on imported goods or on sales of labor services, services, or intangible assets by overseas entities or individuals to domestic parties is not subject to urban maintenance and construction tax, education surcharge, or local education surcharge.

2) Preferential Tax Treatment

Under the current VAT system, preferential tax treatment mainly applies to VAT reduction and exemption of small-scaled taxpayers and to investment-related businesses.

In 2023, the MOF and STA issued the ***Announcement on the VAT Reduction and Exemption Policies for Small-Scale VAT Taxpayers.*** According to the announcement, small-scaled taxpayers with monthly sales revenue of RMB 100,000 or lower will be exempted from VAT from January 1, 2023 to December 31, 2023. For small-scaled taxpayers whose taxable sales income is applicable to 3% VAT levy rate, a reduced rate of 1% could be enjoyed; for those applicable to 3% VAT pre-levy

rate on the pre-paid taxable items, a reduced rate of 1% could be enjoyed. The aforementioned policies are further extended to December 31, 2027 based on the relevant provisions under the ***Guidelines on the Preferential Tax Treatment Policies in Support of Micro and Small Enterprises and Individually-Owned Businesses (1.0)***.

In terms of investment business, certain tax incentives may apply to specific investment targets. For example, interest income from interbank transactions among financial institutions is eligible for VAT exemption. Additionally, income derived from the transfer of financial products, such as gains from the buying and selling of stocks and bonds by publicly offered securities investment funds (including closed-end and open-end securities investment funds), is also exempt from VAT.

It should be noted that the VAT exemption items specified in Document No. 36 and other regulations—such as income from the buying and selling of stocks and bonds by publicly offered securities investment funds and interest income from interbank transactions among financial institutions—are subject to a preferential policy period from January 1, 2026, to December 31, 2027. Taxpayers need to monitor whether these VAT exemption policies will be extended after their expiration and assess the potential impact on their business operations.

Furthermore, according to the *Announcement on VAT Policies for Interest Income from Government Bonds* and Other Bonds issued by the Ministry of Finance and other departments, starting from August 8, 2025, VAT will be reinstated on interest income from newly issued government bonds, local government bonds, and financial bonds issued on or after that date. In addition, per the *Announcement on Tax Policies Related to Gold* issued by the Ministry of Finance and the State Taxation Administration, for physical gold delivered by exchange members and clients within the exchange, the unified policy of immediate VAT refund upon collection will no longer apply. Instead, physical gold delivered will be categorized into investment-use and non-investment-use, with a mechanism for changing the use category established and invoice management standardized. This policy will remain in effect until December 31, 2027.

Therefore, for asset management product managers, preferential tax treatment is mainly concentrated in the area of asset management product operations.

3) Reporting Requirements

Under the current VAT system, except in certain industries (such as banking and trust companies), general taxpayers are required to file tax returns on a monthly basis, and small-scale taxpayers are required to file tax returns on a quarterly basis. Taxpayers are generally required to file tax returns with the competent tax authority for VAT payment within 15 days after the end of each tax period.

3. Other Taxes

According to the ***Deed Tax Law of the People's Republic of China ("Deed Tax Law")*** which came into effect on September 1, 2021, any entities and individuals to whom the land use rights and house ownership are transferred within the territory of the People's Republic of China are considered taxpayers of deed tax and should pay deed tax at 3% to 5%.

According to the ***Stamp Duty Law of the People's Republic of China ("Stamp Duty Law")*** which came into effect on July 1, 2022, stamp duty is a tax

category imposed on entities and individuals that issue taxable vouchers and trade securities in China; entities and individuals that issue taxable vouchers outside China and use them in China should pay stamp duty in accordance with the law. For asset management industry, the ***Stamp Duty Law*** provides that the tax basis for a taxable contract should be the amount in the contract, excluding the VAT amount set out in the contract. The law also specifies how to determine stamp duty payment obligations with respect to contracts signed outside China and performed in China. In addition, in accordance with the ***Announcement on Reducing the Stamp Duty by Half on Securities Transactions*** (MOF and STA Announcement [2023] No. 39), the stamp duty on securities transactions would be subject to a 50% reduction starting from August 28, 2023. This means the stamp duty rate is reduced from 0.1% to 0.05% of the transaction amount.

In general, these two laws mainly codify the existing regulations in addition to making updates to some policies.

Meanwhile, on December 29, 2023, the Shanghai Municipal Tax Service issued the *Measures for the Administration of Tax Advance Rulings of the Shanghai Municipal Tax Service (Trial)*. Under this framework, enterprises may file applications regarding how tax laws and regulations should be applied to specific complex tax matters expected to occur in the future, and the tax authorities may, based on the current tax laws and regulations, provide written opinions on the applicable tax treatment. The implementation of the advance ruling mechanism is conducive to enabling corporate taxpayers, including foreign-funded asset management institutions, to clarify ambiguous tax treatments, enhance the certainty of tax treatment, and better manage tax risks.

4. Requirements for Compliance with the *Common Reporting Standard*

The ***Common Reporting Standard*** (CRS), issued by the Organization for Economic Co-operation and Development (OECD) on July 15, 2014, is the standard that guides participating jurisdictions on the regular exchange of financial account information of tax residents. China, as a participating country, promulgated relevant regulations to officially implement CRS on July 1, 2017. Under CRS, financial institutions perform due diligence and report the tax information of financial accounts.

1) Reporting Entities

The financial institutions that are required to collect and report information under CRS include investment institutions, which specifically refer to institutions that meet one of the following conditions:

i) an institution with 50% or more of its gross income in the last 3 accounting years, or during its existence if the institution has existed for less than 3 years, generated from financial asset investment and operations for clients;

ii) an institution with 50% or more of its gross revenue in the last 3 accounting years, or during its existence if the institution has existed for less than 3 years, generated from the investment, reinvestment or purchase and sale of financial assets; and which is subject to the management and investment decision-making of the depository institutions, custodial institutions, specified insurance companies or investment institutions referred to in (i) above; or

iii) securities funds, private investment funds and other investment entities that are established for the purpose of investment, reinvestment or purchase and sale of financial assets.

Meanwhile, relevant regulations have also clarified that securities fund management companies, PFMs, and partnerships engaging in private fund management businesses that are established in the People's Republic of China are reporting entities.

2) Financial Accounts

Relevant regulations have also defined deposit accounts, custodial accounts, and other accounts falling under the category of financial accounts that

are subject to due diligence and information reporting under CRS as follows:

Deposit account: an account opened for the business of making deposits, including but not limited to demand deposits, time deposits, traveler's checks, and prepaid credit cards.

Custodial account: an account opened for the business of holding financial assets for the benefit of another person, including purchasing and selling financial assets on behalf of clients, and managing custodial assets for clients upon the client's entrustment.

Other accounts: an account which is:

i) any equity or credit interests of an investment institution, including partnership interests in a private investment fund and beneficiary rights of a trust; or

ii) an insurance or annuity contract with cash value.

For asset managers, financial accounts subject to due diligence and information reporting mainly include: (i) accounts for wealth management products, funds, trust plans, Segregated Account/collective asset management schemes and other financial investment products under their management that are not separate legal entities; and (ii) partnership or corporate funds, fund management companies (investment institutions) and other institutions should perform due diligence and report information on their own equity/interests (financial accounts).

3) Compliance Obligations

Under CRS, asset management firms are mainly under the following obligations:

i) Registration: asset management firms should register on the website of the STA timely.

ii) Due diligence of accounts: asset management firms should design and implement reasonable due diligence procedures to identify reportable financial accounts, i.e., non-resident financial accounts that are opened or maintained by financial institutions in China, and held by non-residents or by passive non-financial institutions with non-resident controlling person(s).

iii) Information collection and reporting: asset management firms should, as required, collect and report the following: basic information, account number or similar information of individual accounts and institutional accounts; the account balance or net value of each single non-resident account as of the end of the calendar year; the gross interest paid or credited to depository accounts in the calendar year; the gross interest, gross dividends, and other gross revenue generated from the assets under custody that are paid or credited to the custodial accounts in the calendar year; and gross revenue paid or credited to other accounts in the calendar year, including total proceeds from redemption. Financial institutions should report the above information as required by May 31 of each year.

iv) Annual reporting: financial institutions should assess the implementation of CRS reporting on an annual basis, and submit a written report to the regulatory authorities of relevant industries and the STA by June 30 of the following year.

According to the ***Notice on Submitting 2020 CRS Reports through AMBERS*** issued by AMAC in May 2021, the function of "CRS Annual Report" added by AMAC to the Asset Management Business Electronic Registration System (AMBERS) as required by the STA would be formally launched on May 28, 2021; PFMs should submit their CRS report for the previous year to AMBERS before June 30 each year. Furthermore, according to the notice issued by the STA Service Platform for Automatic Exchange of Financial Account Tax Information (the Platform) in May 2022, PFMs who have provided written reports in AMBERS are no longer required to submit annual reports to the tax authorities.

On the form of the written reports, the Platform issued the ***Form of CRS Annual Report for Financial Institutions*** in April 2023, which includes the financial institutions' basic information, rules and systems establishment, due diligence, information reporting, other relevant information, as well as the

issues and suggestions.

In April 2023, the Platform released the ***Non-Resident Financial Account Tax Information Reporting Standard*** (version 2.02), which updates the reporting format of certain fields.

Any financial institution that fails to perform relevant obligations under CRS may be subject to punishment by the regulatory authorities, which may include lowering tax credit ratings, winding up for rectification, revoking business permits and disqualifying officers.

In addition, with respect to the ***Foreign Account Tax Compliance Act*** (FATCA), China and the US reached a preliminary agreement on June 26, 2014 regarding their intent to enter into the Model 1 IGA for FATCA. However, China has not announced the official implementation of this Act. Therefore, asset management firms within China are not obligated to comply with FATCA compliance. If an asset management firm in China has a US parent company or has business transactions with any US company, the institution may be required to submit information requested under FATCA at the corporate level.



Chapter 11 Other Helpful Information on Doing Business in China

1. Company Establishment

1.1 Name and Establishment Registration

The competent authority for market regulation ("AMR") oversees name and establishment registration for prospective companies.

An overseas institution that intends to establish a foreign-funded enterprise may submit the relevant information and materials via the enterprise name declaration system or at the service window of a local AMR to look up, compare, and screen for potential enterprise names and select one that complies with applicable regulations.

AMR will retain, for two months, the proposed enterprise name successfully submitted via the enterprise name declaration system. If the overseas institution is legally required to seek approval on the business establishment, or if any items in the proposed scope of business have to be approved before business registration, the name will be retained for one year. The overseas institution should complete the procedures for establishing the new enterprise (such as purchasing or leasing office premises and appointing/hiring relevant directors, supervisors and senior management personnel) before the retention period expires and apply to AMR for establishment registration. The new enterprise is duly established upon the issuance of a business license by AMR.

1.2 Shanghai's Supporting Measures

In recent years, in order to mitigate risks and combat companies that illegally engage in fundraising, asset management and other activities, local AMRs are generally tightening establishment registration for investment companies (i.e., companies with "investment", "investment management" or similar expressions in their name or business scope).

Shanghai provides quality services for overseas institutions with sound qualifications. For example, the Shanghai Municipal Financial Regulatory Bureau, Shanghai Lujiazui Financial City Development Bureau, and other authorities have actively provided many supportive measures for foreign institutions to invest and establish companies in Shanghai.

2. Working in China as Overseas Individuals (including those from Hong Kong SAR, Macau SAR, and Taiwan Region)

2.1 Conditions for Foreigners' Employment in China and Classification Standard for Talent

Foreigners must meet all of the following criteria to work in China:

1) being at least 18 years of age and in good health;

2) having the professional skills required for their work and the relevant work experience;

3) having no criminal record;

4) having a definite employer in China;

5) holding a valid passport, or any other international travel document that can serve as a

substitute for passport;

6) engaging in works that are consistent with demand for economic and social development of China and being a professional urgently needed in China; and

7) meeting any other criteria prescribed by laws and regulations.

2.2 Foreign Talent Classification

In accordance with the *Evaluation Criteria for Foreigners Employed in China (For Trial Implementation*), foreigners working in China are classified into three categories—Category A, Category B and Category C, which are evaluated and administered according to different criteria. Category A foreigners are entitled to the most convenient and favorable policies. The specific criterion is that the applicant's gross annual salary (excluding bonuses, equity income, allowances, and etc.[61]) must be at least six times the average wage of urban employees in all sectors in the city for the preceding year. Taking Shanghai as an example, effective February 2026, the annual salary threshold for Category A applicants is RMB 895,248. This threshold will be adjusted annually in line with changes in the local average wage.

2.3 Certificates Required for Foreigners' Employment in China: Work Visa, Work Permit and Residence Permit

If an investment company established by an overseas asset management firm in Shanghai intends to hire a foreign employee, it must assist the foreign employee in obtaining a work visa, work permit and employment-type residence permit before such foreign employee can legally reside and work in China. Specific requirements and procedures for obtaining these permits are listed below.

2.4 Work Visa

Foreign talent under Category A, B and C are required to apply for different types of work visas: R Visa (a multiple-entry visa with a validity period of up to 5-10 years) for high-level foreign professionals and urgently needed specialized professionals and Z Visa for Category A, Category B, and Category C foreigners.

2.5 Conditions and Requirements for the Foreigner's Work Permit and Work-Type Residence Permit

1) Conditions for Applying for the Foreigner's Work Permit

Within 30 days after a foreign individual enters China on a valid visa, the employer shall complete the on-site verification of the Foreigner's Work Permit. The individual can complete the registration of electronic social security card in mobile APP. Foreign individuals will no longer be issued with a physical work permit card after December 2024, and work permit information will be merged into the electronic social security card.

Additionally, since April 2017, in contrast to Category B foreigners who are generally subject to an age limit of 60 years old, Category A foreigners are not subject to any age restrictions. Category A foreigners are also not subject to restrictions in terms of educational background and work experience. Category A foreigners who are over 60 years old can still obtain a work permit.

2) Work-Type Residence Permit

Within 30 days after a foreigner enters China with a work visa, he/she should apply to the Exit-Entry Administration Bureau of the Shanghai Public Security Bureau for the foreigner residence permit, the validity period of which will be determined based on the validity period of his/her work permit, namely the *Foreigner's Work Permit in China*.

3) Work Permit Is Not Required for Hong Kong SAR,

61 The specific requirements and conditions are subject to interpretation and guidance released by the local competent authority.

Macau SAR, and Taiwan Region Residents

Starting from July 28, 2018, Hong Kong SAR, Macau SAR, and Taiwan region residents working in the Chinese Mainland are no longer required to obtain a work permit. They may handle various human resources and social security matters using their Mainland residence permits for Hong Kong SAR, Macau SAR and Taiwan region residents, the Mainland travel permit for Hong Kong SAR and Macau SAR residents, the Mainland travel permit for Taiwan region residents, or other valid identity certificates. They may also use the business license, employment contract (engagement contract), salary payment voucher, social insurance payment record or other materials as proof of their employment in the Chinese Mainland.

2.6 Ways for Overseas Individuals to Obtain Fund Practitioner Qualification in China

An overseas individual may have himself/herself qualified as a fund practitioner by passing a combination of subjects of the Fund Practitioner Qualification Exam organized by AMAC (i.e., a combination of Subject 1 “Fund-related Laws and Regulations, Professional Ethics and Code of Conduct ” and Subject 2 “Basic knowledge of Securities Investment Funds”, or a combination of Subject 1 and Subject 3 “Basic knowledge of Private Equity Funds”) according to the type of fund business he/she intends to engage in, or by only passing Subject 1 (available in English for overseas individuals) if he/she meets one of the following conditions:

1) passed the Securities Qualification Certificate examination or completed the registration of securities industry practitioners.

2) serves as the chairman, the senior management personnel or any other director or supervisor for business management of a public fund manager, or the senior management personnel of the fund custody department of a public fund custodian, and has overseas fund practitioner qualification. The overseas fund practitioner qualification means that fund/ asset management or fund sales and any other qualification in a jurisdiction that has signed the Memorandum of Understanding Regarding Securities and Futures Regulatory Cooperation with CSRC, or if such qualification is not required in a jurisdiction, evidence for continuous engagement in asset management, securities investment analysis, fund sales and other business over the past five years;

3) senior management personnel of private fund managers shall pass financial related qualification exams such as the securities qualification certificate, futures practitioners qualification, certification of banking professional, chartered financial analyst (CFA), or obtain registered accountant qualification, legal professional qualification, asset appraiser qualification, or serve as director, supervisor and senior management personnel of domestic listed companies; or engaged in asset management related business in the past 3 years, with an average annual scale of managed assets over RMB 10 million.

4) is a Hong Kong specialist engaging in the fund business in Mainland China and holds a Type 4 (advising on securities) or Type 9 (asset management) license issued by SFC;

5) is a Taiwan compatriot engaging in the fund business in Mainland China, and has qualification as a securities investment trust and consulting professional, securities investment analyst, senior securities specialist, trust operations specialist, or advanced financial management analyst (AFMA) in Taiwan;

6) is an overseas specialist employed by a fund manager and has overseas fund practitioner qualification. See 2.6. 2) for the definition of “overseas fund practitioner qualification”.

According to relevant announcements issued by AMAC, AMAC carried out pilot Fund Practitioner Qualification examination (Industry Special Examination) for public fund companies, securities companies, private equity institutions and other fund 'service institutions' (excluding commercial banks) from July 23, 2025. The Industry Special Examination includes Chinese and English

exams. Industry institutions that have the ability to organize examinations and the facilities for hosting examination may organize internal employees of the institutions to carry out Fund Practitioner Qualification examinations after obtaining the qualifications for organizing examinations from AMAC.

3. Taxes

3.1 Individual Income Tax

In accordance with prevailing PRC individual income tax law and regulations, an individual's tax residency status is determined by his/her domicile status and the length of China residence. If a foreign individual is regarded as a tax resident of China, he /she will be subject to PRC individual income tax on the income derived and/or received from both onshore and offshore sources. However, if the "six year concession"[62] can be satisfied, the individual will be taxable on his/her China-sourced income only. The taxable income for a tax resident shall be the balance after standard deduction of RMB 60,000, special deductions, itemized deductions for specific expenditures, and other deductible items determined pursuant to law, from his/her income derived in a tax year. Special deductions refer to Chinese social security and housing provident fund contributed by a tax resident to the extent mandated by law. Itemized deductions include expenditures on children's education, continuing education, medical treatment for a serious illness, housing loan interest or housing rent, supporting the elderly, and care for children under age 3.

As of December 31, 2027, foreign individuals that are deemed as tax residents of China may elect to enjoy either the itemized deductions, or the tax-exempted benefits-in-kind as outlined below. However, they cannot claim both benefits simultaneously.

1) Reasonable housing allowance, meal allowance and laundry fee allowance provided to foreign individuals in non-cash form or on an at-cost basis are exempt from individual income tax.

2) Relocation income provided to foreign individuals on an at-cost basis and in relation to taking or leaving office in China is exempt from individual income tax.

3) Domestic and overseas travel allowance provided to foreign individuals based on a reasonable standard is exempt from individual income tax.

4) Fare for trips home provided to foreign individuals is exempt from individual income tax.

5) Allowances for language training and children's education provided to foreign individuals are exempt from individual income tax.

Once an election is made, foreign individuals may not change it during the same tax year.

3.2 Corporate Income Tax

In order to further enhance the enthusiasm of overseas investors to reinvest in China by utilizing the retained earnings of domestic enterprise, the Ministry of Finance, the State Taxation Administration and the Ministry of Commerce jointly issued the "Announcement on Tax Credit Policy for Overseas Investors Using Distributed Profits for Direct Investments" (Announcement [2025] No. 2 of the Ministry of Finance, State Taxation Administration and Ministry of Commerce (the Announcement). According to the announcement, where an overseas investor uses the profits distributed by a resident enterprise in China for direct investments in China during the period from January 1, 2025 to December 31, 2028 and satisfies the criteria, 10% of the investment amount could be used for tax credit against the tax payable by such overseas investor for the current year; any excess portion after the credit for the current year may be carried forward to future years.

An overseas investor uses the profits distributed by a resident enterprise in China for direct investments and satisfies the criteria shall mean satisfying all of the following criteria:

1) The profits distributed to an overseas investor fall under equity investment income such as dividends

62 A non-domiciled resident individual is taxed on income derived within China only, if during the six-consecutive-year period immediately preceding the year of assessment, the individual:
• did not reside in China for 183 days or more in any of the tax years; OR
• was away from China on a single trip for more than 30 consecutive days in any of the tax years.

arising from retained income actually distributed by a resident enterprise in China to the investor.

2) Domestic direct investment by an overseas investor using distributed profits shall include equity investments such as capital increase, establishment of new company or equity acquisition etc. by the overseas investor using distributed profits, but shall exclude new investment in and acquisition of listed company's shares, conversion of capital reserve into shares (except for strategic investments which satisfy the criteria). Specifically it refers to:

• Increase or conversion of paid-in capital or capital reserve of a resident enterprise in China;

• Investment for establishment of a new resident enterprise in China;

• Acquisition of equity of a resident enterprise in China from a non-related party.

3) During the period of domestic reinvestment by an overseas investor, the investee shall engage in industries which fall under the national catalogue of encouraged industries for foreign investment included in the Catalogue of Encouraged Industries for Foreign Investment.

4) The domestic reinvestments made by an overseas investor shall be held for at least five years (60 months) consecutively.

5) Where the profits used by an overseas investor for domestic direct investments are paid in cash, the relevant funds shall be transferred directly from the profit distributing enterprise's account to an account of the investee or the equity transferor, and may not be circulated among other domestic or overseas accounts prior to making direct investments; where the profits used by an overseas investor for domestic direct investments are paid in non-cash form such as in-kind, negotiable securities etc, the relevant asset ownership shall be transferred directly from the profit distributing enterprise to the investee or the equity transferor, and may not be held or temporarily held by other enterprises or individuals on its behalf prior to making direct investments.

Previously, according to the "Notice on Expanding the Applicable Scope of the Policy of Temporarily Not Levying Withholding Income Tax on Overseas Investors' Direct Investment with Distributed Profits " (Caishui [2018] No. 102), foreign investors who obtain domestic distributed profits and directly reinvest in China can enjoy the withholding tax deferral treatment and reduce financial pressure. This recently established announcement enables foreign investors further achieve tax reduction and to enjoy double benefits.

Chapter 12 Relevant Government Authorities, Institutions and Other Organizations

1. Financial Regulatory Authorities

1.1 China Securities Regulatory Commission

The China Securities Regulatory Commission (CSRC) is a ministry-level government agency directly administered by the State Council, currently led by one Chairman, four Vice Chairmen, and one Chief Inspector of the Discipline Inspection and Supervision Office. The CSRC head office comprises 19 functional departments and an internal Party Committee (also acting as the internal discipline inspection office). It operates 36 regional offices in China's provinces, autonomous regions, municipalities, and cities specifically designated in the state plan, as well as 2 commissioner offices in Shanghai and Shenzhen.

The CSRC is responsible for implementing the financial policies and decisions of the CPC Central Committee and ensuring the central leadership of the CPC Central Committee over financial matters is reflected in its performance of duties.

Official website: www.csrc.gov.cn

1.2 China Securities Regulatory Commission Shanghai Office

The China Securities Regulatory Commission Shanghai Office is CSRC's branch in Shanghai. In accordance with the statutes and the authority granted by the CSRC, the CSRC Shanghai Office carries out day-to-day supervision of such market participants within its jurisdiction as securities issuers, listed companies, non-listed public companies, securities companies, fund management companies, futures companies, private fund managers, securities investment consulting firms, fund distributors, as well as accounting firms, asset valuation agencies, law firms, and credit rating agencies that provide securities- and futures-related services.

The CSRC Shanghai Office also investigates and takes actions against violations within its jurisdiction, organizes securities and futures investor education and protection programs, prevents and lawfully resolves market risks, and fulfills other responsibilities prescribed by law or authorized by the CSRC. It helps maintain an open, fair, and impartial market and protects investors and retail investors especially, in order to foster a healthy capital market in its region.

Official website: www.csrc.gov.cn/shanghai/

1.3 Financial Commission Office of the Pudong New Area Committee

The Financial Commission Office of the CPC Pudong New Area Committee, also known as the Pudong Finance Bureau, serves as the administrative office of the CPC Pudong New Area Committee's Financial Commission. It handles the Commission's day-to-day operations, coordinates major matters concerning financial regulation, financial development, and financial reform and opening-up, helps build Pudong into the central hub of Shanghai International Financial Center, and works to harness financial services in supporting major national strategies and local economic and social development. It also ensures Party leadership over financial work, explores effective approaches to primary-level Party

building in the financial system, and guides the development of a financial talent pool.

Today, the Pudong New Area is home to 13 financial markets and infrastructures. It has become one of the places with the most complete financial market and most active trading activities in the world. It also formed a financial institution system under which emerging financial institutions and financial professional service institutions develop together, and has become one the places with the most concentrated financial institutions in the world. As of the end of June 2026, the Pudong New Area was home to 1,259 licensed financial institutions in banking, securities, and insurance industries; 1,230 AMAC-registered private equity, venture capital, and private securities investment fund managers; and more than 230 fintech firms.

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1.4 Shanghai Huangpu District Investment Promotion Office

The Shanghai Huangpu District Investment Promotion Office ("Huangpu IPO") was renamed from the former Shanghai Huangpu District Financial Service Office after the 2024 institutional reform and runs the Huangpu District Investment Promotion Center. As a department of the district government, Huangpu IPO is mainly responsible for formulating policies for investment promotion and taking the lead in achieving the relevant objectives; coordinating and promoting regional financial industry development, based on the overall strategy of building Shanghai into an international financial center and with a focus on the construction of the Bund financial clustering belt; implementing and promoting the financial supply-side structural reform, and bolstering financial services for the real economy and regional economic and social development; organizing, instructing, coordinating, administering, and serving for the investment attraction, business services, and building economy.

Currently, Huangpu District hosts more than 630 licensed financial institutions and 7 national-level financial markets. The district has a solid foundation of banking, securities, insurance, and other traditional financial institutions, and has evident advantages in private banking, trust, securities asset management, funds, and other sub-sectors featuring asset management and wealth management. Huangpu has been approved as one of the first equity investment hubs in Shanghai and is building itself into a premier fintech center. It is also actively developing emerging fintech sectors to foster a diversified, comprehensive, and multi-dimensional network of financial institutions. In 2025, the financial sector in Huangpu District generated value added of RMB 136.741 billion, accounting for 37.8% of the district's GDP and nearly one-sixth of the city's total financial added value. During the 15th Five-Year Plan period, Huangpu District will establish a development framework centered on the Bund financial clustering belt, with fintech and asset management as two growth poles, high-level two-way financial opening-up and high-quality services to the real economy as two drivers, and financial risk prevention and Bund financial brands as two supporting pillars. This framework of "one center, two poles, two drivers, and two pillars" is designed to continuously strengthen Huangpu's competitiveness and influence as a key functional hub of the Shanghai International Financial Center.

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1.5 Shanghai Hongkou District Service Sector Development Office

Shanghai Hongkou District Service Sector Development Office ("Hongkou SSDO"), previously known as Shanghai Hongkou District Financial Work Bureau, was set up in April 2024. It is mainly

responsible for promoting the development of the district's financial industry and oversees one subordinate public institution, the Shanghai Hongkou District Financial Service Center. In recent years, in line with Shanghai's broader strategy for the financial sector, Hongkou SSDO has stepped up its efforts to build equity investment and M&A clusters, constantly enhanced the financial ecosystem, sought to attract more financial institutions, and worked to develop the district into a central hub as part of Shanghai's aspiration to become a global asset management center.

Hongkou District, known for its strength in asset management, is home to more than 2,100 financial companies, including 387 private fund managers—22 of which have an AUM exceeding RMB 10 billion. It also hosts nearly one-ninth of China's public fund management companies and over one-seventh of China's risk management subsidiaries of futures firms, and ranks among the top districts in Shanghai by both the number of equity investment fund managers and their total AUM. Through the Shanghai Hedge Fund Park, the district has attracted 11 quantitative private fund managers with an AUM exceeding RMB 10 billion each, including Minghong Investment, Mingshi Investment, QuantPi Investment, and Tianyan Capital. Together, these managers account for 15% of China's quantitative private fund managers in this size bracket, cementing Hongkou's position as a major national hub for quantitative private funds.

In recent years, Hongkou District has continued to improve the business environment for foreign asset managers and attract globally renowned players. A few notable examples include Aegon Insurance Asset Management, one of Shanghai's first wholly foreign-owned insurance asset managers; the China headquarters of Manulife Investment Management, the world's fifth-largest insurance-affiliated asset manager; Amundi Fintech (Shanghai) Co., Ltd., Shanghai's first fintech company controlled by a foreign asset manager; and the China headquarters of American Express, China's first foreign bank card clearing institution. All of them have chosen to set up operations in Hongkou District, which is now home to 75 foreign financial institutions.

The district has also continued to improve its financial services: it launched "Hongkou Quick Loan," the first of its kind in Shanghai, with total pre-approved credit lines of RMB 6.1 billion; it applied to be and was approved as one of Shanghai's three M&A clusters, establishing the North Bund M&A Ecosystem Alliance and Deal Sourcing Center as part of its bid to build an M&A and restructuring services ecosystem; it issued Shanghai's first carbon finance industry policy and helped launch the city's first subsidized loan for transition finance and first subsidized loan against pledged shipping carbon allowances. Hongkou District also hosts a range of industry associations and professional think tanks, including the China Capital Market Society, the Asset Management Association of Shanghai, the China Chief Economist Forum, the Shanghai Jinsinan Institute of Finance, and the China REITs Forum. Additionally, the district serves as the permanent venue for more than ten branded forums and events, among them the North Bund Fortune and Culture Forum, the Golden Bull Award sponsored by China Securities Journal, the Shanghai Financiers Award, and the Annual Conference of the China Chief Economist Forum. These resources combine to create a sound ecosystem for foreign asset managers to operate and grow in China.

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1.6 Shanghai Jing'an District Investment Promotion Office

A department of Jing'an District Government, the Office functions to foster the formation of financial institution clusters, and support their development by providing services and creating a conducive business environment. Through corporate services, local

assistance, and policy guidance, it supports the high-quality development of the financial industry. During the 15th Five-Year Plan period, Jing'an District will develop a modern industrial system around a "(3+3) + (1+3+X)" framework. Within this system, financial services, one of the district's competitive sectors, will focus on three signature strengths: a global magnet for asset and wealth management, a global hub for capital allocation, and a benchmark for digital and intelligent financial innovation. These efforts will raise the sector's overall capacity.

As a key district in building Shanghai into an international financial center, Jing'an boasts dense financial resources, a well-developed industrial ecosystem, and distinctive strengths in asset management, capital market services, and private equity investment. The district houses many leading domestic securities firms, asset managers, and globally renowned private equity institutions, steadily enhancing Jing'an's financial concentration and influence. Jing'an has also continued to promote industry-finance coordination. District-level state-owned capital platforms such as Shanghai Jing'an Capital Investment & Operation Co., Ltd. have stepped up their efforts to channel more private capital into sci-tech innovation, strategic emerging industries, and future industries. These efforts have delivered notable results in capital-empowered industrial upgrading.

In recent years, Jing'an District has been approved as one of Shanghai's first "equity investment clusters," unveiled the city's first "M&A cluster," and seen its industrial ecosystem steadily improve. It has hosted signature events such as the Global Asset Management Forum Shanghai Suhewan Conference. Participants discussed key topics including the capital market, equity investment, and M&A restructuring, helping boost the vitality of the district's equity investment and M&A markets. Drawing on the resources of industry associations and professional service providers, the district offers strong support for companies throughout their lifecycles.

Looking ahead, Jing'an aims to shape a more open financial business cluster that offers professional financial services. To this end, it will cultivate a favorable environment conducive to business growth, driving the high-quality advancement of the financial industry.

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1.7 Shanghai Xuhui District Commission of Commerce

Xuhui District boasts a large lineup of financial institutions: there are over 1,000 financial institutions (including their branches) in the district, offering a wide range of services covering banking, securities, insurance, public funds, futures, asset management, fund, trust, third-party payment, microloans, financing guarantee, finance lease, and pawn services. In recent years, the district's financial services have grown more diverse. Licensed financial institutions have clustered at an accelerating pace, and tech-focused bank branches have made their first appearance. Equity investment now spans the full spectrum of capital, from national-level funds of funds to leading market-oriented institutions. The district has attracted 160 private equity institutions with a total AUM of RMB 260 billion, making it one of Shanghai's equity investment clusters. It is also home to the Xuhui District Financing Service Center and two park-level financing service centers—the Shanghai Foundation Model Innovation Center and the Caohejing High-tech Park. These centers are committed to providing one-stop financing services, bringing together financial institutions and financial markets to offer comprehensive financing support.

During the 15th Five-Year Plan period, Xuhui District will pursue a financial industry development strategy that is spearheaded by efforts to cluster financial institutions in key areas, guided by finance-empowered technology, and underpinned by accelerated financial services for industries. It aims

to become a demonstration zone for Shanghai's coordinated development as an international financial center and an international sci-tech innovation center. Centered on the West Bund Financial District and the Hengfu Financial Street, Xuhui will keep finance serving sci-tech innovation and the real economy, and promote its integration with artificial intelligence and other key sectors. In particular, the West Bund Financial District will focus on sci-tech innovative finance and the incubation of hard-core technologies. It is designed to become a vibrant financial center that integrates high-end commerce, finance, tech innovation, and cultural life, while attracting renowned domestic and international financial institutions, regional headquarters of multinationals, and functional headquarters. The Hengfu Financial Street, on the other hand, will leverage the unique spatial resources and cultural heritage of the Hengfu Historical District to build a premium, specialized equity investment cluster distinguished by Shanghai-style cultural identity.

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2. Self-Regulatory Organizations and Service Institutions

2.1 Asset Management Association of China

The Asset Management Association of China (AMAC) is an incorporated social organization registered with the Ministry of Civil Affairs in accordance with the Securities Investment Fund Law and the Regulations on the Registration and Administration of Social Organizations. AMAC is a self-regulatory organization of the asset management industry and is subject to the instruction, supervision, and administration of CSRC and the Ministry of Civil Affairs. The Securities Investment Fund Law requires fund managers and fund custodians to join the AMAC as members; membership is optional for fund service providers.

The main responsibilities of the AMAC are to: (1) educate and organize members to comply with securities investment laws and administrative regulations and safeguard the lawful rights and interests of investors; (2) protect the lawful rights and interests of members and ensure their suggestions and needs are heard; (3) establish and implement self-regulatory rules, supervise the professional conduct of members and their employees, and impose disciplinary sanctions on those who violate self-regulatory rules or AMAC's bylaws; (4) establish professional and industry service standards, and organize qualification examinations, credential management, and professional training for fund professionals; (5) provide member services, organize industry exchanges, promote industry innovation, and organize industry publicity and investor education events; (6) mediate fund-related disputes between members and between members and clients; (7) handle the registration and filing of privately offered funds; and (8) fulfill other responsibilities specified in AMAC's bylaws.

Official website: www.amac.org.cn

2.2 Shanghai Asset Management Association

Established on November 18, 2010, the Shanghai Asset Management Association (SAMA) is a "5A" incorporated non-profit social organization created by Shanghai's fund industry. Operating under the supervision of the CSRC Shanghai Office, SAMA

ensures national laws, regulations, and policies are duly implemented and the interests of its members are effectively protected. Bridging regulators and Shanghai's fund industry, SAMA organizes a wide range of professional training sessions and workshops and offers a platform for industry exchange, in order to promote the high-quality development of Shanghai's fund industry.

As of the end of June 2026, SAMA had 313 members, including 75 public fund companies, 154 private fund companies, 32 fund management companies for specific clients, 24 Shanghai branches of non-Shanghai-based fund companies, 27 independent fund distributors, and 1 fund custodian. Its public fund members oversee RMB 15.24 trillion of assets, accounting for nearly 40% of the national total; its private fund members oversee RMB 2.53 trillion of client assets, or 39% of the total AUM of private fund management companies in Shanghai.

In 2022, SAMA was recognized as a "National Model Organization" by the Ministry of Civil Affairs, one of the most prestigious awards for organizations in China.

Official website: www.samacn.org.cn

2.3 Lujiazui Financial City Development Bureau

Lujiazui Financial City Development Bureau is a statutory institution with separate legal personality. It is sponsored and established, upon approval of Shanghai Municipal People's Government, by Pudong New Area People's Government based on relevant decisions of the People's Congress of Pudong New Area. As a public administration service institution, the Authority, through corporate and specialized operation, implements and coordinates public affairs within Lujiazui Financial City (Lujiazui Finance & Trade Zone), and organizes and implements relevant matters on co-governance with the industry. It is mainly responsible for formulating and implementing the development plan of Lujiazui Financial City, promoting economic development and investment, facilitating the clustering of headquarters of different types of institutions, and encouraging the innovation of various markets.

2.4 Asset Management Association of Shanghai

The Asset Management Association of Shanghai was founded in September 2022 under the guidance of the Office of the Financial Affairs Commission of the CPC Shanghai Committee and with the approval of the Shanghai Civil Affairs Bureau. Its members consist of firms and organizations engaged in asset management and related businesses in Shanghai. The association undertakes initiatives tailored to the local technologies, industries, financial sector, and professionals to help turn Shanghai into a global asset management center.

Afterword

Shanghai is one of the megalopolises in China, the core city of the Yangtze River Delta region, and one of the cities with the highest concentration of global financial institutions. Shanghai stands at the forefront of China's financial opening up, plays a leadership role in financial reform and innovation, and has one of the most business-friendly financial environments in China. Shanghai has preliminarily developed itself into an international financial center commensurate with the economic strength of China and the international status of RMB This city has become a magnet to and an innovation incubator for various financial markets, institutions, products, and infrastructures.

To help overseas asset management companies plan their business in China and better understand Shanghai and its asset management sector, we prepared and released the *Shanghai Guidebook for Overseas Asset Management Institutions* (this "Guidebook") in 2020. This guidebook aims at helping overseas asset managers in and outside Shanghai to know about the necessary preparations and application procedures for engaging in asset management services in Shanghai, as well as the city's business policies and relevant professional service institutions. From 2021 to 2025, we made yearly updates to the cited laws, regulations, and data and released six versions of Guidebook in both Chinese and English to provide a relevant and effective reference for overseas asset managers.

Base on the latest policies and investment environment, the 2026 Shanghai Guidebook for Overseas Asset Management Institutions contains updates and supplements to the policies, regulations, industry data, and innovative practices referenced in the previous six editions. We give our special thanks to Llinks Law Offices and KPMG Advisory (China) Limited for making this update possible.

Due to the limited time of preparation, this Guidebook is open for further improvement. Your comments and suggestions are appreciated(via Email: huiyuan@samacn.org.cn). We are committed to making this Guidebook ever more helpful on an ongoing basis.



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