



**SECURITIES AND FUTURES COMMISSION**  
證券及期貨事務監察委員會

## **Fund Management Activities Survey 2016**

July 2017



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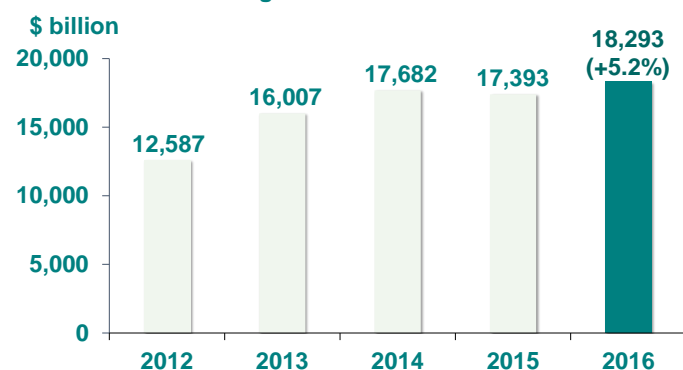
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## I. Summary of Major Findings of Fund Management Activities Survey (FMAS) 2016

Combined Fund Management Business



**\$18,293 billion\***  
Combined fund management business

▲ 5.2% \*\*

5 years cumulative growth

▲ 45.3%

**\$12,824 billion**

Asset management business

▲ 4.6% \*\*

**\$5,203 billion**

Private wealth management business

▲ 9% \*\*

Asset Management Business

**54.8%**

Assets managed in Hong Kong

**313**

Mainland-related licensed corporations and registered institutions

▲ 15.9%\*\*\*

**31.5%**

Staff engaged in non-sales-and-marketing activities

▲ 3.7% \*\*

**1,348**  
Licensed corporations - Type 9 Regulated Activity

▲ 16.9%\*\*\*

Hong Kong-domiciled SFC-authorized funds

**735 in number** ▲ 12%\*\*\*

**US\$132 billion in AUM** ▲ 11.9%\*\*\*

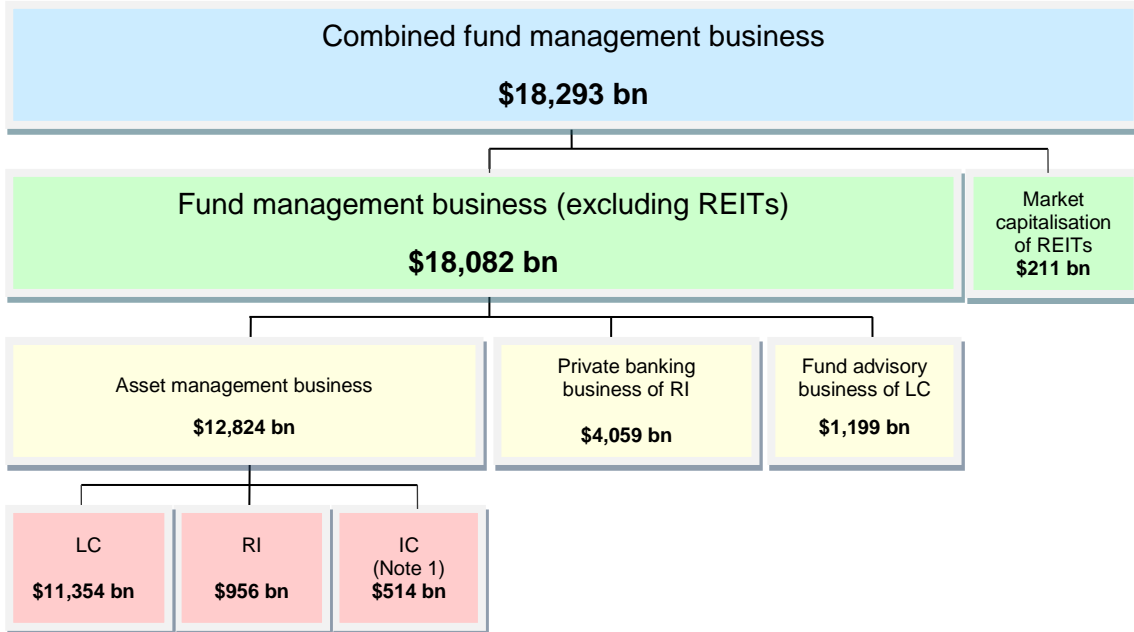
\* Unless stated otherwise, the values given are in Hong Kong dollars.

\*\* Percentage change represents a comparison between figures in December 2016 and December 2015.

\*\*\* Percentage change represents a comparison between figures in March 2017 and March 2016.



## Components of Combined Fund Management Business



**Legend:**

REITs: real estate investment trusts

RI: registered institutions

LC: licensed corporations

IC: insurance companies

**Note:**

- Assets under management by insurance companies do not include those assets sub-contracted or delegated to other licensed corporations or registered institutions in Hong Kong for management.



## II. Survey Report

### Introduction

1. The FMAS is an annual survey conducted by the Securities and Futures Commission (SFC) to collect information and data on the general state of affairs of the fund management industry in Hong Kong. It helps the SFC plan its policies and operations.
2. The survey covers the fund management activities of three types of firms in Hong Kong, namely:
  - (a) corporations licensed by the SFC which engage in asset management and fund advisory business (collectively “licensed corporations<sup>1</sup>” or LCs);
  - (b) banks engaging in asset management and private banking business (collectively “registered institutions<sup>2</sup>” or RIs), and which are subject to the same regulatory regime (ie, the Securities and Futures Ordinance (SFO)) as the licensed corporations in respect of their fund management activities; and
  - (c) insurance companies<sup>3</sup> (ICs) registered under the Insurance Companies Ordinance (ICO) but not licensed with the SFC, which provide services constituting classes of long term business as defined in Part 2 of Schedule 1 of the ICO and have gross operating income derived from asset management.
3. The FMAS questionnaires were sent to the licensed corporations and, with the respective assistance of the Hong Kong Monetary Authority and the Hong Kong Federation of Insurers, to registered institutions and relevant insurance companies, to enquire about their fund management activities as at 31 December 2016. The questionnaires sent to the registered institutions and insurance companies were largely the same as those sent to the licensed corporations, except for minor adjustments to cater for differences in the nature of their businesses and operations.



## Responses

### General

1. A total of 575 firms responded to the questionnaires and reported that they conducted asset management, fund advisory and/or private banking business during the survey period. These included 511 licensed corporations, 44 registered institutions and 20 insurance companies.

### Licensed corporations

2. A breakdown of the activities of the 511 licensed corporations which engaged in asset management and/or advisory business on funds or portfolios is shown below:

Respondents with asset management business only	329
Respondents with assets under fund advisory business only	45
Respondents with both of the above	137
	<hr/>
	<b>511</b>

### Registered institutions

3. A breakdown of the activities of the 44 registered institutions which engaged in asset management and/or private banking business is shown below:

Respondents with asset management business only	3
Respondents with private banking business only	21
Respondents with both of the above	20
	<hr/>
	<b>44</b>

### Insurance companies

4. Twenty insurance companies with long term business providing services covering wealth management, life and annuity and retirement planning products, but which were not licensed by the SFC, responded to the survey.



## Executive Summary

1. As an international asset and wealth management centre, Hong Kong's combined fund management business<sup>4</sup> increased by 5.2% year-on-year to \$18,293 billion as of 31 December 2016.
2. The asset management business conducted by SFC-licensed corporations and banks (covering retail, institutional, pension, private and other funds and mandates) grew by 4.6% to \$12,824 billion in 2016. The increase was the result of net capital inflows and positive market performance towards the end of the year.
3. Private wealth management business grew by 9% to \$5,203 billion in 2016 as a result of the growing Asian wealth, and was mainly composed of private banking business conducted by banks and private wealth client funds by reporting firms.
4. During 2016, Hong Kong's versatility and adaptability helped it to maintain its status as a leading international asset and wealth management centre:
  - (a) Overseas investors remained a major source of funding for the fund management business, accounting for 66.3%, as international investors maintained confidence in Hong Kong's robust regulatory framework and favoured the diversity of investment solutions available.
  - (b) Assets managed in Hong Kong made up more than 50% of the asset management business, amounting to \$7,027 billion. In response to the increased global demand for bonds and the depreciation of renminbi during 2016, investment managers in Hong Kong diversified and allocated more assets into bonds and derivatives and to markets outside of the Mainland and Hong Kong. Nevertheless, Hong Kong remained a leading equity funding centre with 54.3% of the assets managed in Hong Kong invested in equities.
  - (c) Total number of staff in the fund management business increased slightly in 2016. Although staff engaged in sales and marketing activities was still the main component, staff engaged in other activities including asset management, fund administration, risk management, and legal and compliance services increased by 3.7% year-on-year to 11,115.

**\$18,293 bn (▲ 5.2%)**

Combined fund management business

**\$12,824 bn (▲ 4.6%)**

Asset management business

**\$5,203 bn (▲ 9%)**

Private wealth management business

**66.3%**

Funds sourced from overseas investors

**\$7,027 bn (54.8%)**

Assets managed in Hong Kong

**11,115 (▲ 3.7%)**

Staff engaged in non-sales-and-marketing activities



- (d) Hong Kong's status as a preferred domicile for investment funds is growing, as the number of Hong Kong-domiciled SFC-authorized funds increased by 12% year-on-year to 735 as at 31 March 2017. The net asset value of these funds increased by 11.9% year-on-year from US\$118 billion to US\$132 billion in the same period.
  - (e) The number of corporations licensed for asset management (Type 9) in Hong Kong increased by 195, or 16.9% year-on-year, to 1,348 as at 31 March 2017.
  - (f) The number of licensed corporations and registered institutions established by Mainland-related groups in Hong Kong increased by 15.9% year-on-year from 270 to 313 as at 31 March 2017.
5. The SFC actively develops new initiatives to ensure Hong Kong remains a major international asset management centre. Following the Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme concluded in July 2015, similar arrangements were entered into with Switzerland in December 2016 and France in July 2017. Locally, approval was granted for new products such as leveraged and inverse products while a new legal framework for open-ended fund companies will soon take effect.

**735** in number (▲12%)  
**US\$132 bn** in AUM (▲11.9%)

Hong Kong-domiciled SFC-authorized funds

**1,348** (▲16.9%)

LCs - Type 9 Regulated Activity

**313** (▲15.9%)

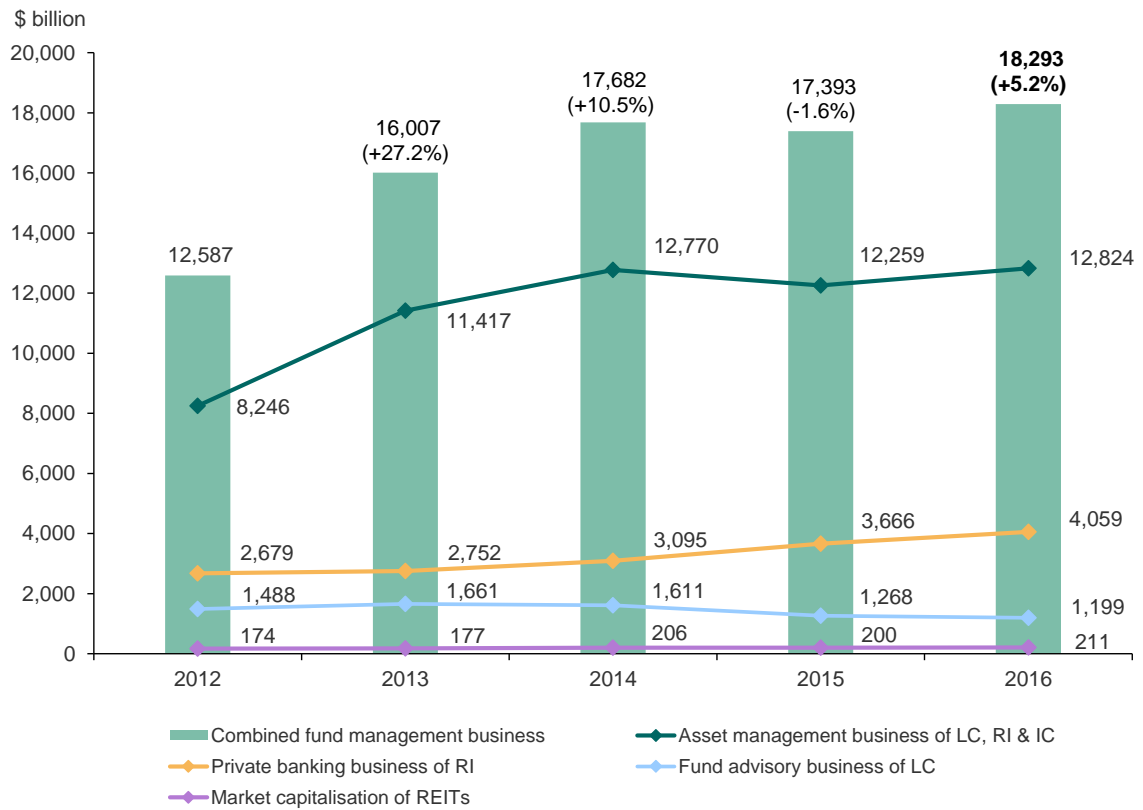
No. of Mainland-related LC and RI





## Survey Findings

### Combined Fund Management Business



**Chart 1: Combined Fund Management Business**

The combined fund management business in Hong Kong reported a year-on-year increase of 5.2% in 2016.

Asset management business increased by 4.6% to \$12,824 billion. Private banking business increased by 10.7% to \$4,059 billion.

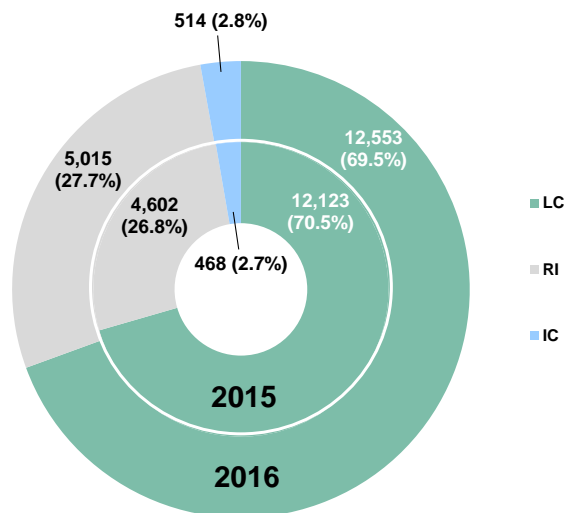
For a breakdown of the combined fund management business in 2016, please refer to the Appendix on page 22.



Combined FM business		
FM business (ex REITs)	Market cap of REITs	
AM	PB of RI	FA of LC
LC	RI	IC

## Fund Management Business (excluding REITs) - Analysis by Category of Market Players

1. Licensed corporations continued to play a dominant part in the combined fund management business in Hong Kong. They registered a year-on-year increase of 3.5% in their aggregate asset management and fund advisory business to \$12,553 billion in 2016. While their asset management business increased by 4.6% to \$11,354 billion, their fund advisory business dropped by 5.4% to \$1,199 billion. Respondents reported that the increase in asset management business was principally attributable to net capital inflows from new and existing mandates and overall positive market performance towards the end of 2016. On the other hand, respondents reported that a number of mandates in fund advisory business were terminated.
2. Registered institutions which are banks recorded a 9% increase in their aggregate asset management and private banking business to \$5,015 billion. Of this amount, private banking business, being the main component, increased by 10.7% to \$4,059 billion. Respondents continued to expand their private banking business in Hong Kong and recorded net inflows from private banking clients. The asset management business also reported a moderate increase to \$956 billion.
3. Insurance companies reported a year-on-year increase of 9.8% in their assets under management to \$514 billion. The increase was mainly attributable to growth in the traditional life insurance business.



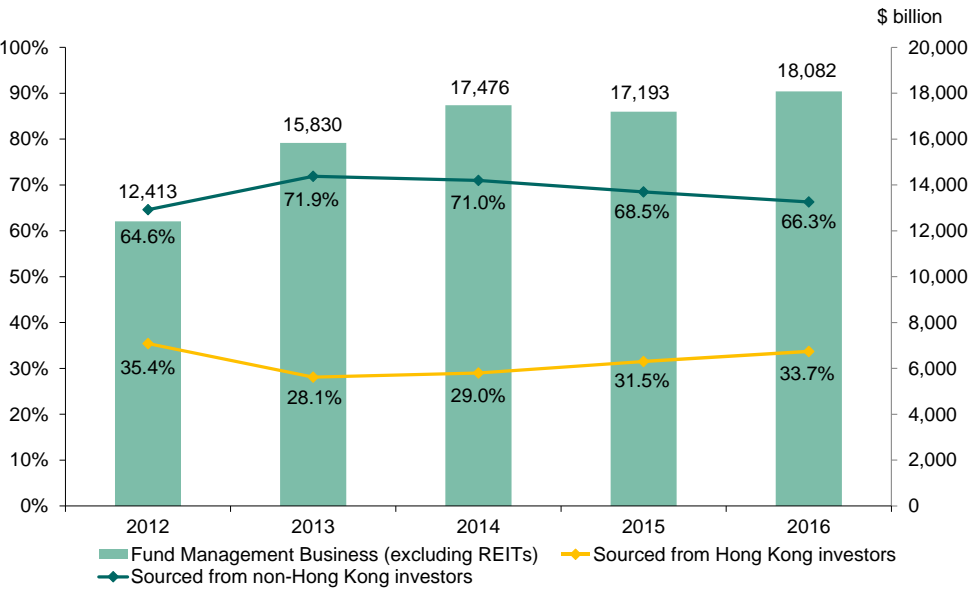
**Chart 2A: Fund Management Business (excluding REITs)  
- by Category of Market Players  
(2016 vs 2015) (in \$ billion)**



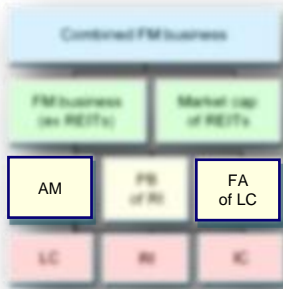
## Fund Management Business (excluding REITs) - Analysis by Source of Funds

4. Overseas investors are the major source of funding for Hong Kong's fund management business, reinforcing Hong Kong's position as a key sales and distribution centre in Asia. Investors have confidence in Hong Kong's robust regulatory framework and are attracted by the diversity of investment solutions on offer.
5. Funds sourced from overseas investors increased slightly to \$11,996 billion in 2016 from \$11,780 billion in the previous year, representing 66.3% of the fund management business.

In the fund management business, over 60% of funds were sourced from non-Hong Kong investors over the past five years.

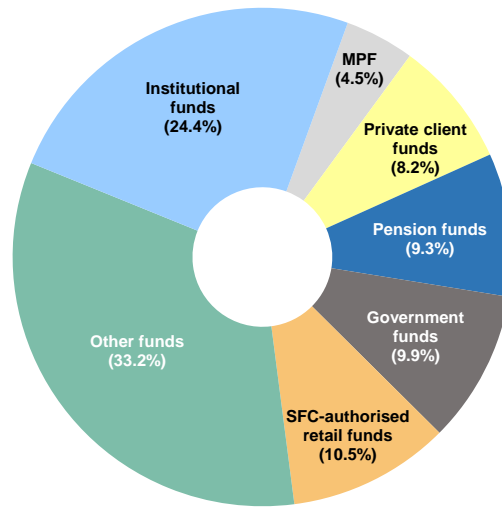


**Chart 2B: Fund Management Business (excluding REITs)  
- by Source of Funds**

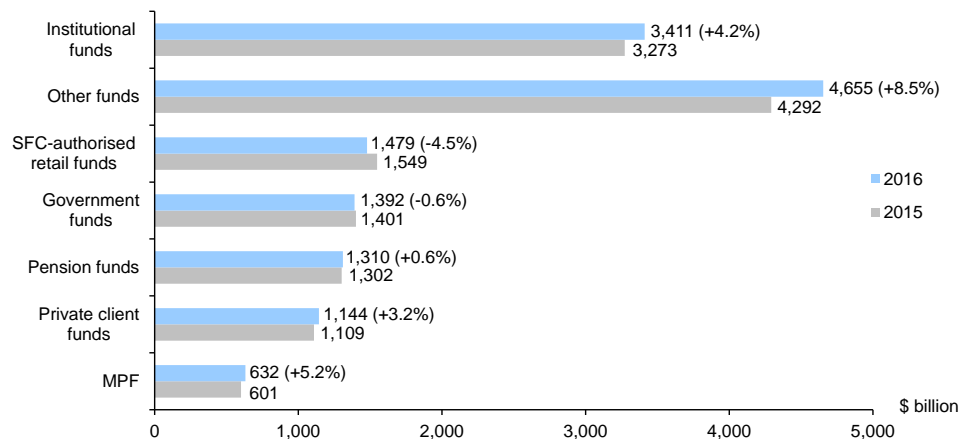


## Type of Funds Managed/Advised by Licensed Corporations, Registered Institutions and Insurance Companies

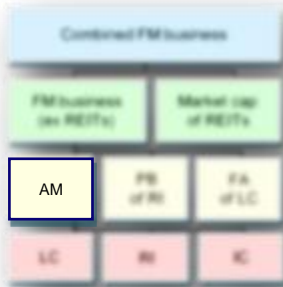
6. Accounting for over 57% of the asset management and fund advisory businesses in Hong Kong, institutional funds and other funds (comprising hedge funds, private equity funds, overseas retail funds and insurance portfolios) remained the major investment mandates in 2016. Investments in these types of funds increased by 6.6% compared with that of previous year.



**Chart 3A: Asset Management and Fund Advisory Business - by Type of Funds (2016)**



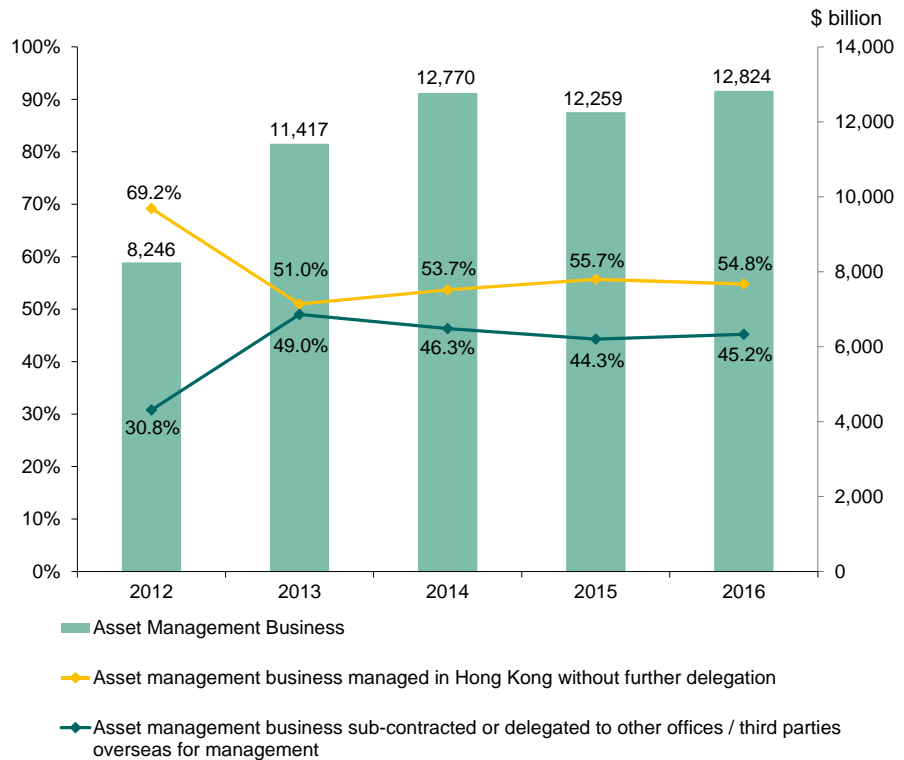
**Chart 3B: Asset Management and Fund Advisory Business - by Type of Funds (2016 vs 2015)**



## Asset Management Business - Analysis by Location of Management

7. The asset management business is the core component of the combined fund management business in Hong Kong and as in previous years more than half of this business is managed in Hong Kong. The well-established investment platform and new initiatives such as Stock Connect have attracted both international and Mainland asset management companies to operate their core asset management activities in Hong Kong.
8. Asset management is a growth sector in Hong Kong evidenced by the continuous expansion in the numbers of corporations and personnel during the past few years. By the end of 2016, the number of corporations licensed for asset management (ie, Type 9 regulated activity) has grown by 14.5% to 1,300 corporations from 1,135 a year ago. During 2016, the number of individuals licensed for asset management also increased correspondingly by 11.3% to 9,543 from 8,572 in the preceding year. As of end-March 2017, the number of corporations and individuals licensed for asset management further increased to 1,348 and 9,746, respectively.

Over 50% of the asset management business have been managed in Hong Kong over the past five years.



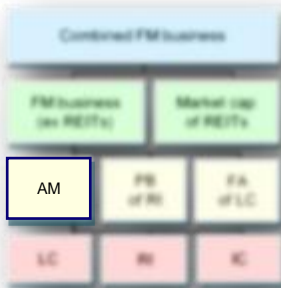
**Chart 4: Asset Management Business  
- by Location of Management**

9. Despite the volatile year, the amount of assets managed in Hong Kong has increased slightly to \$7,027 billion from \$6,823 billion in 2015 reflecting the growing capabilities and skillset of fund managers in Hong Kong. The proportion of the overall assets being managed in Hong Kong accounted for 54.8% in 2016.



## Asset Management Business - Analysis by Location of Management (cont'd)

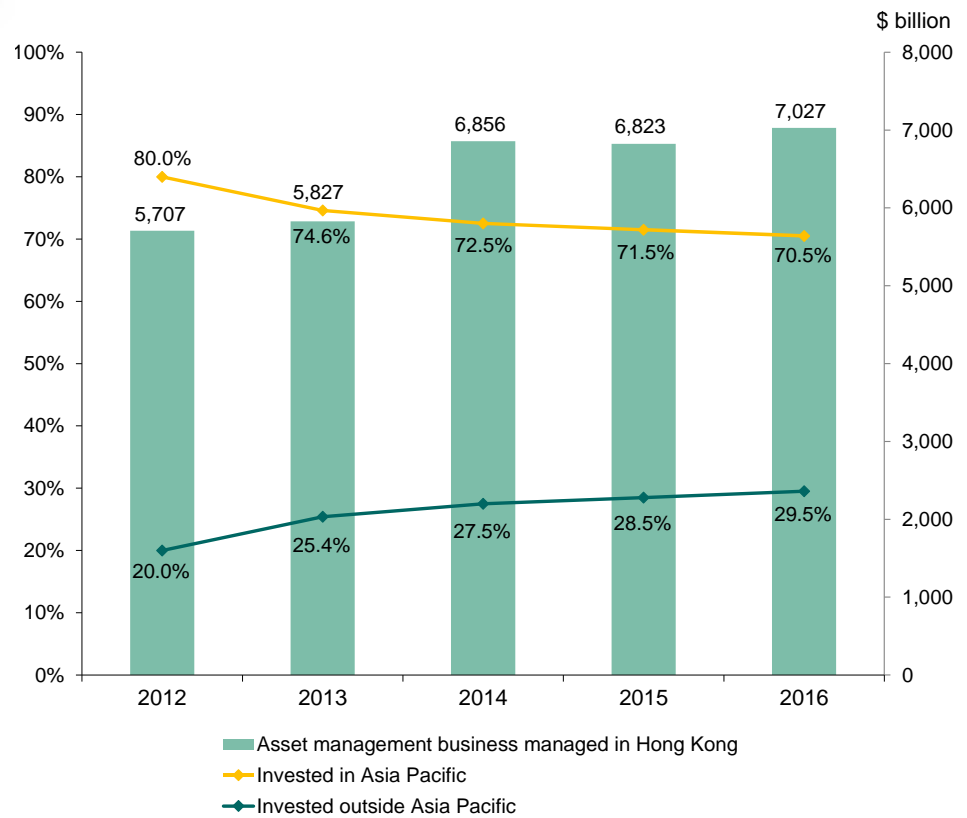
10. Hong Kong's prominence as a fund domicile centre is growing. The number of SFC-authorized Hong Kong-domiciled funds grew by 12% to reach 735 as at 31 March 2017 from 656 a year earlier. The net asset value of these Hong Kong-domiciled unit trusts and mutual funds increased by 11.9% year-on-year from US\$118 billion to US\$132 billion for the same period. Hong Kong is also committed to offer an expanding range of diversified products to retail investors with the total number of SFC-authorized unit trusts and mutual funds growing by 3.3% to 2,203 from 2,133 last year.



## Assets Managed in Hong Kong - Analysis by Geographical Distribution of Investments

11. Managers in Hong Kong are skilled and experienced in investing across Asia. Over 70% of assets managed in Hong Kong were invested in Asia Pacific in 2016.

Over 70% of the assets managed in Hong Kong have been invested in Asia Pacific for the past five years.



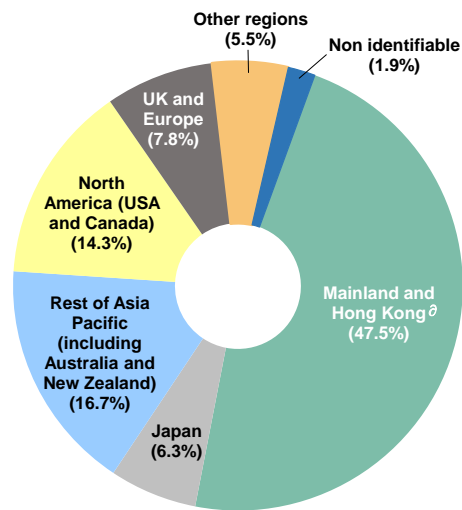
**Chart 5A: Assets Managed in Hong Kong  
- by Geographical Distribution of Investments**



Combined FIM business		
FIM business (as REITs)	Market cap of REITs	
AM	FM of RE	FA of LLC
LC	RE	EC

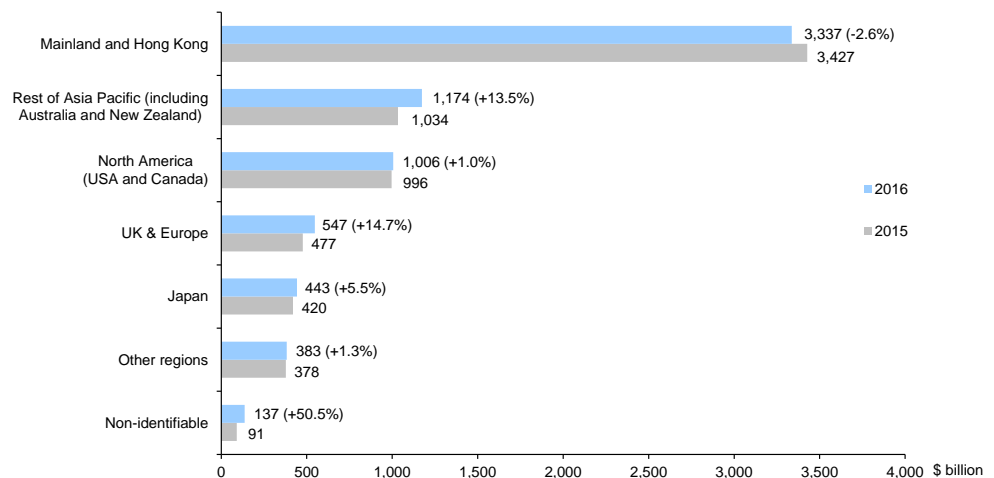
## Assets Managed in Hong Kong - Analysis by Geographical Distribution of Investments (cont'd)

12. Although the majority of the Asian investments continue to be in the Mainland and Hong Kong<sup>∂</sup> markets, this portion was lower than in 2015, standing at \$3,337 billion and representing 47.5% of all assets managed locally in 2016 (2015: 50.2%). This reflected the diversification and allocation of more assets to other geographical locations in response to the comparatively lacklustre performances in the Hong Kong and Mainland markets during 2016.



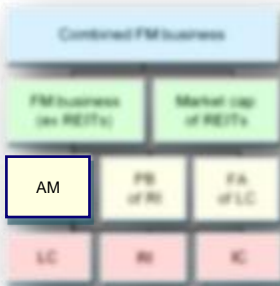
**Chart 5B: Assets Managed in Hong Kong  
- by Geographical Distribution of Investments (2016)**

13. In particular, fund managers in Hong Kong diversified their asset allocations to the rest of Asia Pacific and the UK and Europe. Total assets invested outside of Asia Pacific increased by 6.7% to \$2,073 billion in 2016 from \$1,942 billion a year ago.



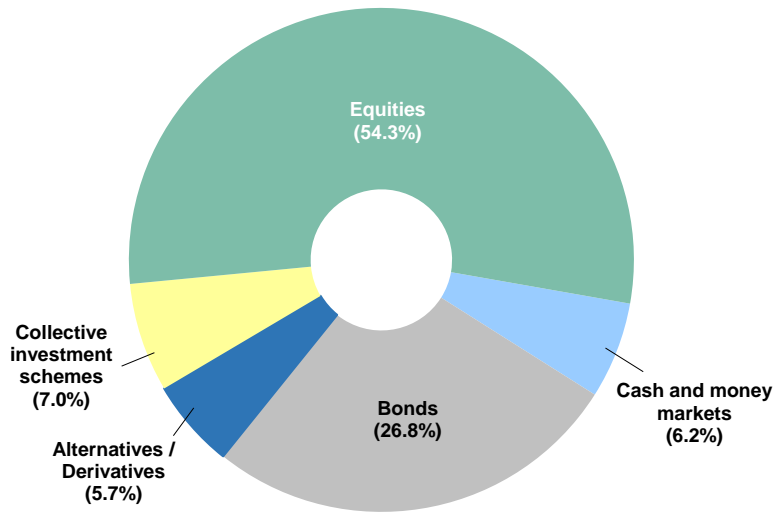
**Chart 5C: Assets Managed in Hong Kong  
- by Geographical Distribution of Investments (2016 vs 2015)**

<sup>∂</sup> No further breakdown between the Mainland and Hong Kong is available.

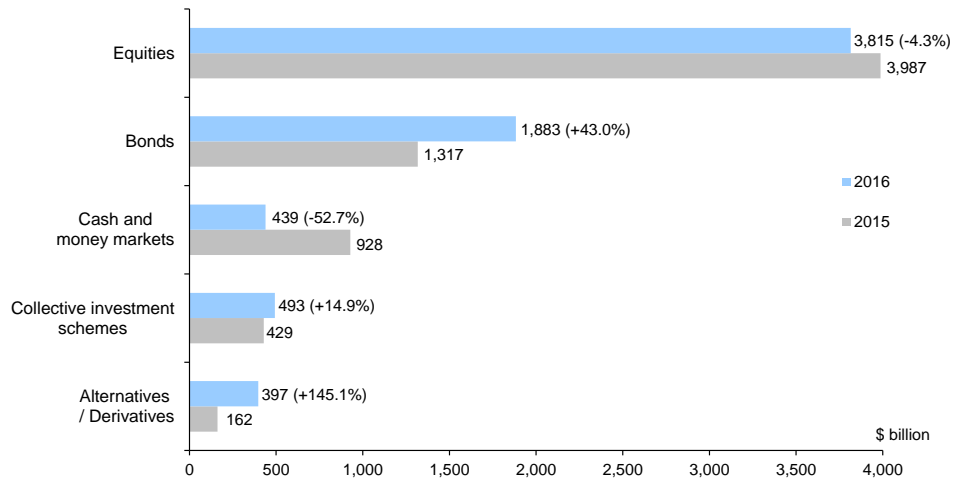


## Assets Managed in Hong Kong - Analysis by Asset Class in terms of Assets Being Invested

14. Although equities remain the most popular asset class among Hong Kong managers, more investments were allocated into bonds and alternatives / derivatives during 2016 in response to the growing demand for yield by investors. Out of the assets managed in Hong Kong in 2016, 26.8% were invested in bonds, representing an increase of 43% when compared to last year.

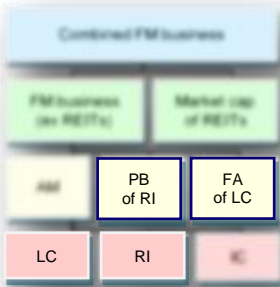


**Chart 5D: Assets Managed in Hong Kong  
- by Asset Class in terms of Assets Being Invested (2016)**



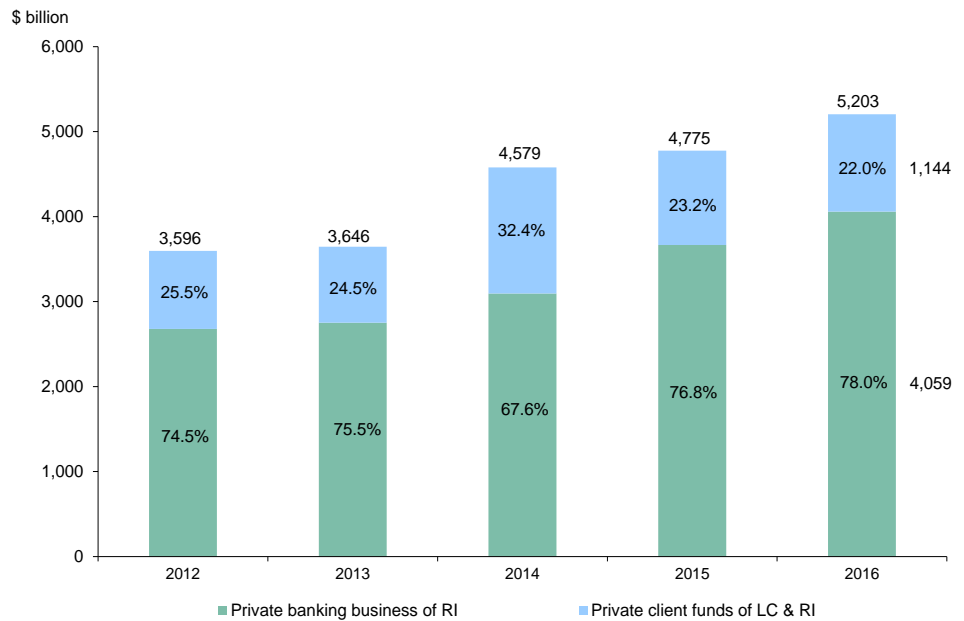
**Chart 5E: Assets Managed in Hong Kong  
- by Asset Class in terms of Assets Being Invested (2016 vs 2015)**





## Funds Sourced from Private Wealth Management Business

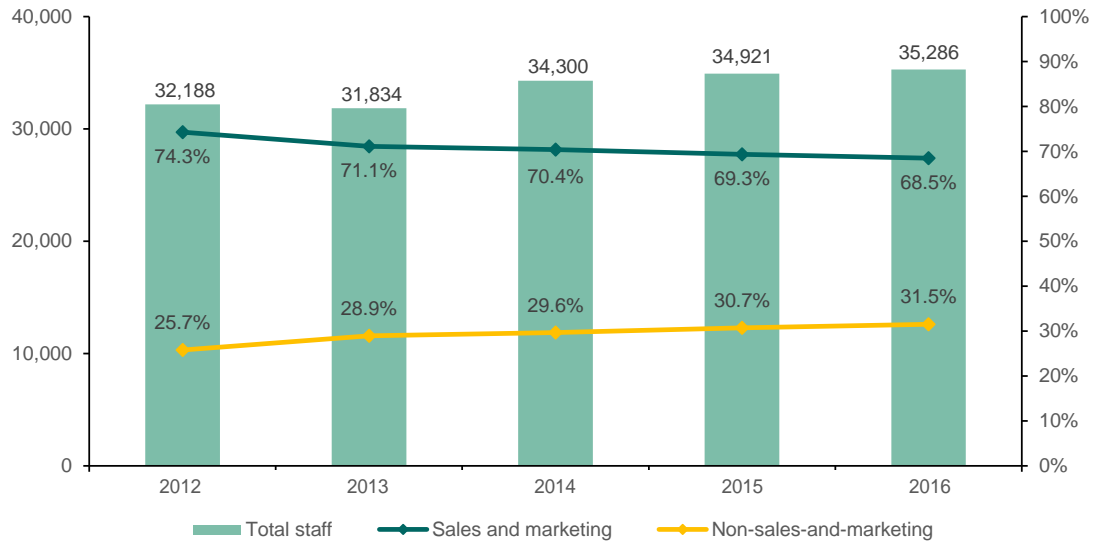
15. The private wealth management business includes both the private banking business of registered institutions and private client funds of licensed corporations and registered institutions.
16. The number of high net worth individuals in Asia continued to increase. Investments sourced from private banking business (\$4,059 billion) and private client funds (\$1,144 billion) in Hong Kong amounted to \$5,203 billion in 2016, representing an increase of 9% from \$4,775 billion in the last year.
17. Growing wealth in Asia served as an expanding pool of potential customers for the private wealth management business in Hong Kong.



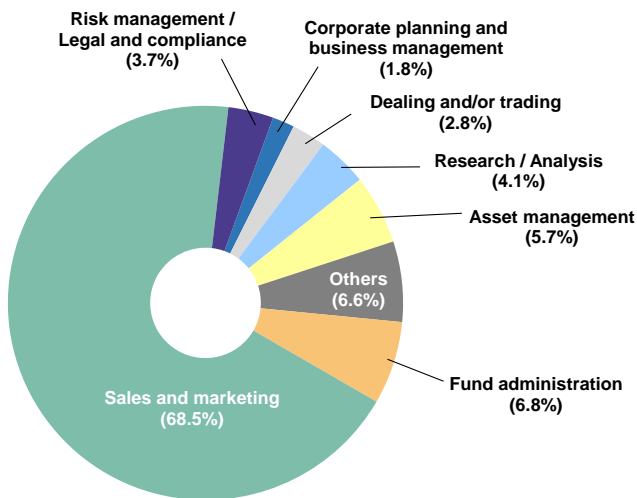
**Chart 6: Funds Sourced from Private Wealth Management Business**



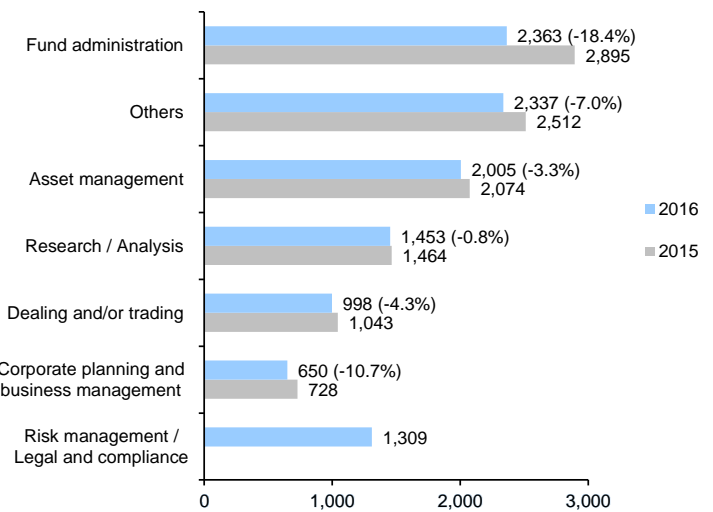
## Fund Management Business Staff Profile



**Chart 7A: Fund Management Business Staff Profile - by Job Function**



**Chart 7B: Fund Management Business Staff Profile - by Job Function (2016)**



**Chart 7C: Fund Management Business Staff Profile – non-sales-and-marketing activities (2016 vs 2015)**

18. The number of staff engaged in fund management activities increased slightly during 2016. Hong Kong remains a key fund distribution centre within Asia with those engaged in sales and marketing activities accounting for over two-thirds of the total number of staff. However, there is an increasing trend of engaging more staff in non-sales-and-marketing activities; the number of these staff increased 3.7% year-on-year to 11,115 in 2016. In light of the growing importance of risk management, legal and compliance functions in the fund management business, the number of staff engaged in these functions has reported separately from 2016 onwards. We believe this has caused a corresponding reduction in the reporting of the number of staff engaged in certain non-sales-and-marketing activities in 2016. A diversity of professionals in the asset management business supports Hong Kong's development as a fully-fledged fund service centre.

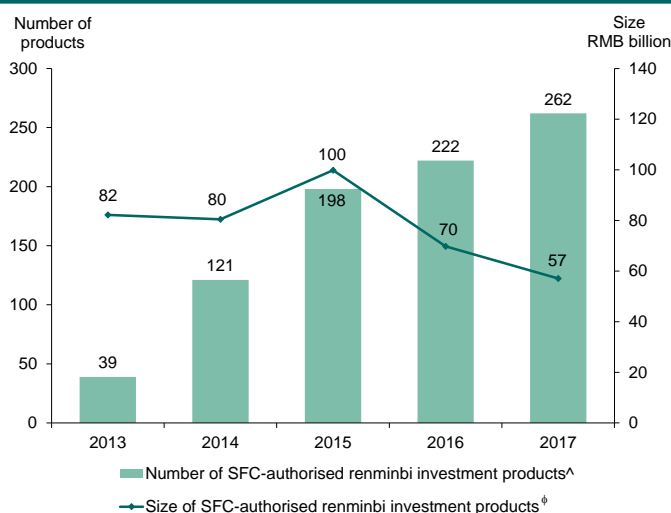


### III. Hong Kong's Role as the Pre-eminent Offshore Renminbi Centre

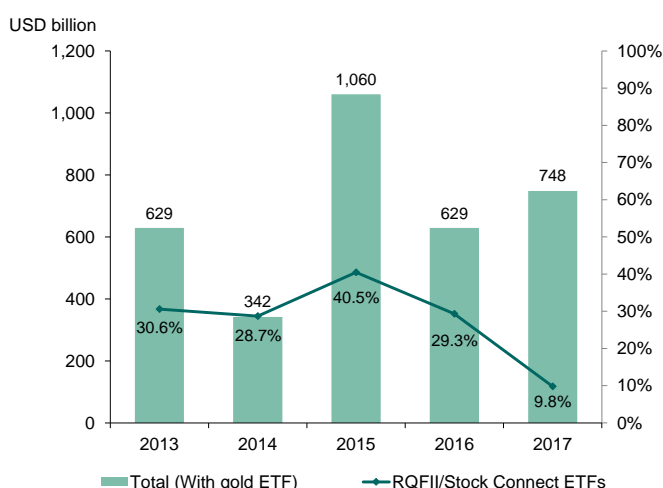
1. Notwithstanding the volatility in Mainland markets and the depreciation of the renminbi during the year, Hong Kong remained the pre-eminent offshore renminbi centre and continued to play a major role in the transformation of the renminbi into an internationally accepted and widely-used currency. The launch of Stock Connect expanded mutual stock market access between the Mainland and Hong Kong, while the launch of Bond Connect further consolidated Hong Kong's position as a major offshore renminbi hub.

#### Retail renminbi-denominated and related products

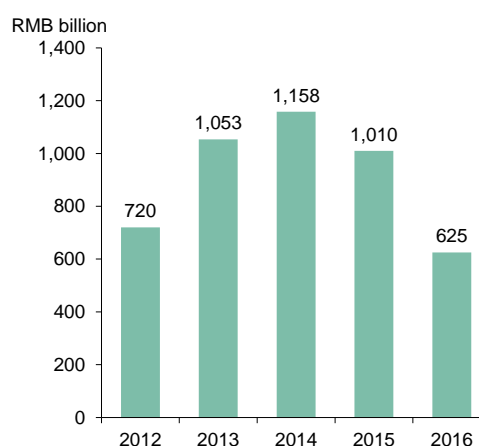
##### Number and size of SFC-authorized renminbi investment products as at 31 March



##### Hong Kong ETF market in terms of average daily turnover as at 31 March



##### Total outstanding renminbi customer deposits and certificates of deposit as at 31 December



Source: Hong Kong Monetary Authority Annual Report

<sup>^</sup> The number covers unlisted structured investment products with renminbi features and is on a "one product per key facts statement" basis.

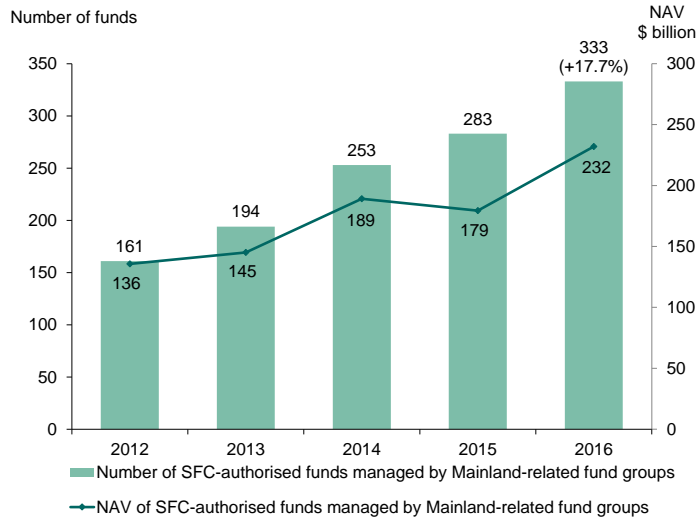
<sup>φ</sup> Size of SFC-authorized renminbi investment products comprises:

- (a) NAV of RQFII / Stock Connect ETFs and RQFII / Stock Connect / CIBM unlisted funds (renminbi-denominated funds which primarily invest in the Mainland securities markets through the Renminbi Qualified Foreign Institutional Investor (RQFII) quota and Stock Connect as well as the China Interbank Bond Market (CIBM)), recognised Mainland funds under Mainland-Hong Kong MRF, unlisted funds investing primarily in offshore dim sum bonds, fixed income securities and money market instruments, and renminbi gold exchange traded funds (ETFs);
- (b) outstanding amount of unlisted structured investment products denominated in renminbi;
- (c) renminbi-denominated account exposure of paper gold scheme with renminbi features; and
- (d) market capitalisation of renminbi REITs.



## Growing Mainland participation in the Hong Kong market

### Number and net asset value (NAV) of SFC-authorized funds managed by Mainland-related fund groups as at 31 December

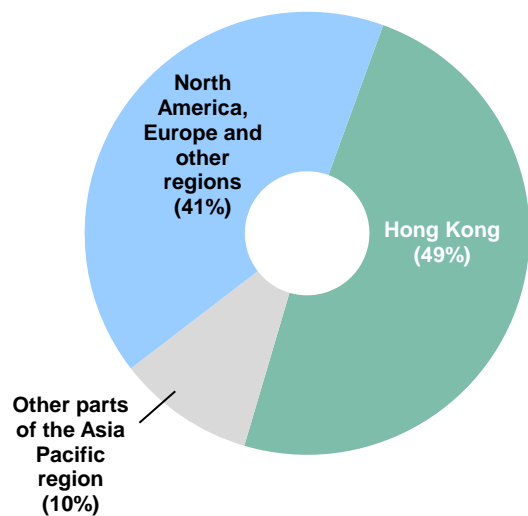
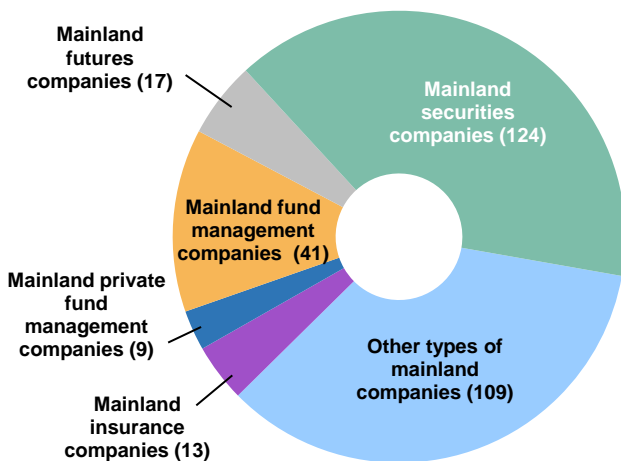


**Number of licensed corporations and registered institutions established by Mainland-related groups in Hong Kong as at 31 March 2017 (313 entities)**

**Mainland assets managed in Hong Kong and sourced from Qualified Domestic Institutional Investors as at 31 December 2016 (\$153 billion) – by Geographical Distribution of Investments**

▲ 15.9%

▲ 5.5%





## IV. Recent Developments and Outlook

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### Developing Hong Kong into a full-service asset management centre and preferred place of fund domicile

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#### *Open-ended fund companies (OFCs)*

A legal framework for OFCs in Hong Kong was established following the gazettal of the Securities and Futures (Amendment) Ordinance in June 2016. The OFC regime will enable investment funds to be established in corporate form in addition to unit trust form. The new fund structure will facilitate the development of Hong Kong's asset management industry and enhance Hong Kong's attractiveness as a preferred fund domicile.

The SFC launched a consultation on the proposed subsidiary legislation and regulatory code on OFCs in June 2017.

#### *MRF with the Mainland, Switzerland, France and other jurisdictions*

Following the implementation of MRF with the Mainland, the SFC has further explored similar arrangements with other overseas jurisdictions.

In December 2016, the SFC concluded an MRF arrangement with the Swiss Financial Market Supervisory Authority, allowing eligible Swiss and Hong Kong public funds to be distributed in each other's market through a streamlined vetting process. This is the first time Hong Kong funds gain direct access to a European market.

In July 2017, the SFC signed the France-Hong Kong MRF with the Autorité des Marchés Financiers. This MRF arrangement is a major breakthrough for Hong Kong funds to be offered directly to retail investors in a core market within the European Union.



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## Improving the local market by facilitating product innovation, encouraging online fund distribution channels and streamlining fund authorisation process

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### *Leveraged and inverse (L&I) products and ETFs*

On product innovation, the SFC authorised the first batch of L&I products tracking foreign stock indices in June 2016, and the first batch of 17 L&I products tracking Hong Kong stock indices in March 2017. In particular, the 17 L&I products tracking Hong Kong stock indices contributed approximately 12% to the total turnover of Hong Kong's ETF market in the second quarter of 2017.

These products add diversity and offer more choices to investors and mark an important milestone in Hong Kong's ETF market development.

### *Online distribution and advisory platforms*

In view of the increasing popularity of online investment services, the SFC launched a three-month public consultation on proposed guidelines for online platforms in May 2017.

The proposed guidelines aim to provide tailored guidance to the industry on the design and operation of online platforms, as well as to clarify how the suitability requirement would operate in the online environment. The clarification should enable more distribution channels to flourish and give investors greater choice and flexibility without compromising their protection.

The proposed guidelines also contain specific guidance on the provision of automated or robo-advice on an online platform.



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## Improving the local market by facilitating product innovation, encouraging online fund distribution channels and streamlining fund authorisation process (cont'd)

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### *Streamlined process for fund authorisation and scheme changes approval*

The SFC regularly reviews and seeks to improve its fund authorisation and approval process wherever practicable without compromising investor protection.

Following the implementation of a revamped fund authorisation process for unit trusts and mutual funds, the overall average processing time for fund applications decreased by 51% from 4.5 months before the revamp to 2.2 months as of the end of March 2017.

On 30 June 2017, the SFC published a circular to introduce a revamped process with an aim to enhance the processing of applications for approval of post-authorisation changes and authorisation of revised offering documents of SFC-authorized funds. The revamped process will be subject to a pilot run of six months from 1 August 2017.

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## Maintaining a robust regulatory regime to protect investors' interests

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### *Asset management regulation*

To keep pace with international regulatory developments, the SFC launched a three-month public consultation in November 2016 on proposals to enhance the regulation of the asset management industry and point-of-sale transparency in Hong Kong.

Key topics covered include commissions and independent advice, securities lending and repurchase agreements, custody of fund assets, liquidity risk management and disclosure of leverage by fund managers. The consultation conclusions will be issued after careful review and consideration of the comments received.

The SFC is also conducting a holistic review of the Code on Unit Trusts and Mutual Funds with an aim to launch a public consultation on proposed enhancements.



## Appendix

### Breakdown of Combined Fund Management Business in 2016

<i>(\$ billion)</i>	Licensed corporations	Registered institutions	Insurance companies	<b>Total</b>
Asset management business	11,354	956	514	<b>12,824</b>
Fund advisory business	1,199	-	-	<b>1,199</b>
Private banking business	-	4,059	-	<b>4,059</b>
<b>Fund management business (excluding REITs)</b>	<b>12,553</b>	<b>5,015</b>	<b>514</b>	<b>18,082</b>
SFC-authorized REITs	211	-	-	<b>211</b>
<b>Combined fund management business</b>	<b>12,764</b>	<b>5,015</b>	<b>514</b>	<b>18,293</b>





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## Footnotes

- <sup>1</sup> A “licensed corporation” means a corporation granted a licence under section 116 or 117 of the SFO to carry on a regulated activity in Hong Kong.
- <sup>2</sup> A “registered institution” means an authorised financial institution registered under section 119 of the SFO. An “authorised financial institution” means an authorised institution as defined in section 2(1) of the Banking Ordinance (Chapter 155).
- <sup>3</sup> An “insurance company” means an insurance company registered under the Insurance Companies Ordinance (Chapter 41) and provides services that constitute classes of long term business as defined in Part 2 of the First Schedule of the Insurance Companies Ordinance. The insurance company is not licensed by the SFC. For those insurance companies which are also licensed by the SFC, their reported assets under management are included in the category of licensed corporations.
- <sup>4</sup> “Combined fund management business” comprises fund management business and SFC-authorised real estate investment trusts (REITs) management business.
  - “Fund management business” comprises asset management, fund advisory business and private banking business.
  - “Asset management” refers to:
    - (i) the provision of services that constitute Type 9 regulated activity as defined in Schedule 5 of the SFO carried out by licensed corporations and registered institutions (excluding assets from clients who are also licensed by or registered with the SFC); and
    - (ii) the management of financial assets arising from the provision of services that constitute classes of long term business as defined in Part 2 of the First Schedule of the Insurance Companies Ordinance (Chapter 41) (excluding assets sub-contracted or delegated to other licensed corporations/registered institutions in Hong Kong for management), but excludes REIT management, fund advisory business and private banking business, and “assets managed” shall be construed in the same manner.
  - “Fund advisory business” refers to the provision of pure investment advisory services on funds/portfolios. It constitutes Type 4 and/or Type 5 regulated activities as defined in Schedule 5 of the SFO. Such service is generally provided to overseas managers who manage a global or regional portfolio and need expert advice from a manager in Hong Kong or its delegate with respect to the Hong Kong portion or a specific geographic segment of the global or regional portfolio.
  - “Private banking business” refers to the provision of financial services to private banking clients other than by means of Type 9 regulated activity carried out by registered institutions. This includes providing the service of managing clients’ portfolio of securities and/or futures contracts wholly incidental to the carrying on of Type 1 and/or Type 2 regulated activities.