The Guangdong Government promulgated implementation plan of the “Opinions on Financial Support for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area”

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Background

On 24 April 2020, the People’s Bank of China, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission and the State Administration of Foreign Exchange jointly released the "Opinions on Financial Support for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area" (Opinions). 26 measures from five aspects have been put forward to further promote financial openness and innovation, deepen the financial cooperation between Mainland China, Hong Kong and Macao, increase the financial support for the development of the Guangdong, Hong Kong and Macao Greater Bay Area (GBA), and enhance the supporting and leading role of the GBA in China’s economic development and opening-up.

Implementation Plan

On 31 July 2020, the Guangdong Financial Regulatory Bureau introduced the "Implementation Plan for Execution of the Opinions on Financial Support for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area" (Implementation Plan) jointly with the Guangzhou Branch of the People’s Bank of China, Guangdong Banking and Insurance Regulatory Bureau, Guangdong Securities Regulatory Bureau, Shenzhen Central Branch of the People’s Bank of China, Shenzhen Banking and Insurance Regulatory Bureau and Shenzhen Securities Regulatory Bureau for implementing the Opinions. In the Implementation Plan, the 26 measures in the Opinions are further sub-divided into 80 measures, with specific authorities assigned to take charge of the execution of the 80 measures. We have, according to the five aspects under the Opinions, extracted and summarised below those that are relatively specific and more closely related to the Hong Kong and Macao parties.

I. Promoting facilitation of cross-border trade, investment and financing in the GBA, and enhancing the convenience of domestic and foreign exchange between Renminbi and foreign currencies and cross-border circulation of Renminbi

1. The Implementation Plan proposes support for establishing a cross-border real property mortgage registration system for the GBA, allowing Hong Kong and Macao residents to mortgage their self-use properties in the GBA to overseas banks, and facilitating the purchase of properties by Hong Kong-Macao residents in the GBA.

2. The Opinions proposes to further facilitate Mainland banks in the GBA to provide cross-border fund remittance and exchange services such as claims settlement, renewal or surrender of insurance policy, etc. While the Opinions seems to relax the foreign exchange of certain cross-border insurance businesses, the Implementation Plan now clarifies that in the case of Mainland residents who have purchased Hong Kong-Macao insurance products, such insurance businesses are meant to cover only Hong Kong-Macao personal accident insurance, medical insurance and health insurance products with no dividend distribution purchased for the purpose of travelling, studying abroad or business activities.
II. Further opening up the financial industry, and deepening the financial cooperation between Mainland China and Hong Kong-Macao

1. The Implementation Plan supports overseas financial institutions to participate in establishing and investing in the shareholdings of wealth management subsidiaries of commercial banks. Eligible wealth management subsidiaries of commercial banks and financial assets investment companies can hopefully establish specialised subsidiaries and specialised investment subsidiaries in the GBA. Banking financial institutions are encouraged to introduce foreign professional investors to invest in the areas of trust, financial leasing, automobile finance, money brokerage and consumer finance, etc.

2. The Implementation Plan proposes the need to attract Hong Kong-Macao and multinational financial institutions to establish joint venture securities, funds and futures legal entities in Guangdong. It supports securities, funds and futures legal entities in the GBA to actively apply for the qualifications of RMB Qualified Foreign Institutional Investors (RQFII), Qualified Foreign Institutional Investors (QFII) or Qualified Domestic Institutional Investor (QDII). It supports overseas subsidiaries of Mainland securities and funds institutions in the GBA to provide investment advisory services with respect to the QDII products of their parent companies.

3. Insurance asset management companies are encouraged to establish specialised asset management subsidiaries in cities within the GBA. Overseas asset management companies of which shareholdings are held by insurance asset management companies can hopefully establish wealth management companies in the GBA. Supporting insurance funds to invest in Hong Kong-Macao on the pre-conditions that all the relevant laws and regulations are observed and that the risks are controllable.

III. Promoting the diversification of financing channels among Guangdong, Hong Kong and Macao, and facilitating the interconnection between financial markets and financial infrastructure

1. The Implementation Plan proposes to promote the establishment of the mutual recognition mechanism in regard to the credit products and credit rating results among Guangdong, Hong Kong and Macao step by step so that the use of credit and credit rating products can be standardised throughout the Guangdong, Hong Kong and Macao areas.

2. Exploring the issue of offshore RMB local government bond in Hong Kong and Macao.

3. Supporting Hong Kong and Macao financial institutions to participate in the establishment of the Guangzhou green financial reform pilot zone. Promoting the formation of a GBA green financial alliance, and building an information platform for the financial industry in Guangdong-Hong Kong-Macao area and for enterprises in the GBA. Further bringing into play the functions of the financial societies, financial industry associations and public institutions in these three regions. Strengthening the collaboration and cooperation in researching for and establishing the green financial standards in the Guangdong-Hong Kong-Macao region. Striving to promote a series of green financial related uniform standards applicable in the GBA in various aspects such as green financial products system, certification system and evaluation system.

4. Banking institutions are encouraged to provide support for eligible Mainland enterprises to issue bonds in Macao. Supporting Zhuhai and Macao to set up consumer finance companies jointly in Hengqin, and improving the consumer financial services system in the two places, assisting Macao in building up a world-class tourism and leisure centre and helping Hengqin to build an international leisure and tourism island.

IV. Further improving the innovation level of financial services in the GBA

1. The Implementation Plan proposes to facilitate high-tech enterprises to borrow foreign debts on their own within a given quota. Supporting the banking institutions to provide medium and long term research and development loans to science and technology enterprises and using their intellectual property rights as security. Supporting insurance funds and eligible asset management products to invest in science-and-technology-enterprise-oriented venture capital funds, equity investment funds, etc.

2. Further expanding the scope of pilot scheme for cross-border financial block chain service platform and building up a cross-border credit service system gradually. Exploring the collaborative application of block chain technology among financial institutions. Studying the business data sharing mechanism within the industry. Enabling data sharing step by step and the use of information in accordance with the law upon satisfying the condition that customers’ data privacy is protected.
V. **Practical prevention of cross-border financial risks**

1. The Implementation Plan proposes to improve and strengthen the communication, coordination, exchange and sharing of information between the financial regulatory authorities in Guangdong-Hong Kong-Macao in respect of financial regulation, risk monitoring, and the regulation of protection of financial consumers and investors etc., and establish respective practical regulatory framework and consultative cooperation mechanism.

2. The Implementation Plan reiterates support for the introduction of high-end financial talent from Hong Kong and Macao and will provide supporting services for them in areas of social benefits, children’s education, travelling and property purchase etc., so as to facilitate the cultivation, exchange and cooperation of financial talent in Guangdong-Hong Kong-Macao.

3. Targeting the protection of financial consumers’ rights and interests, the Implementation Plan proposes to actively build a diversified cross-border mechanism for financial dispute resolution in the GBA primarily for mediation, and aligned with international practice. Promoting the connection and collaboration among the industry associations of banking, insurance, securities and futures etc., in Guangdong-Hong Kong-Macao, developing cooperation for the protection of financial consumers’ rights and interests, facilitating the reciprocal recognition of mediation results procured by dispute mediation institutions within the industry. Supporting the Guangzhou Arbitration Commission (Guangzhou Court of International Arbitration), Shenzhen Financial Court and Shenzhen Court of International Arbitration, Zhuhai Arbitration Commission (Zhuhai Court of International Arbitration) for hearing financial cases or legal disputes within the GBA.

**Conclusion**

The Implementation Plan reflects the positive and prudent attitude of the Guangdong Government in formulating and improving the policies of financial support for the development of the GBA. The 80 measures in the Implementation Plan reiterate the content of the Opinions and the tentative ideas proposed in the Implementation Plan are based on the current status of the GBA and prior experiences. However, the actual implementation of the 80 measures will still need to be further studied by the relevant governmental authorities prior to actual operation. In addition to the aforementioned, certain parts of the Implementation Plan also target domestic enterprises or certain specific areas. It is suggested that those who are concerned should study the Implementation Plan carefully to better understand the policy trends and take full advantage of the policies. Those who are in the relevant positions may provide their comments on the industry needs or on specific policies through institutions such as chamber of commerce or industry associations to assist the governmental departments to formulate practicable and feasible measures that would achieve the desired results.

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