

# **Notice on Issues Relating to Depository, Clearing and Settlement of Domestic Securities Investments of Renminbi-Denominated Qualified Foreign Institutional Investors by Fund Management Companies and Securities Companies**

Relevant units of domestic securities investments of Renminbi-denominated qualified foreign institutional investors by fund management companies and securities companies,

In accordance with the *Measures on Pilot Schemes for Domestic Securities Investments of Renminbi-Denominated Qualified Foreign Institutional Investors by Fund Management Companies and Securities Companies* jointly promulgated by China Securities Regulatory Commission, the People's Bank of China and State Administration of Foreign Exchange and its relevant regulations, the notice on issues relating to depository, clearing and settlement of Renminbi-denominated qualified foreign institutional investors (hereinafter referred to as "RQFII") trading in Shanghai and Shenzhen stock exchange market is hereby given as follows:

## **I. Account Management**

(i) The RQFII shall entrust the custodian to file an application directly with CSDC Shanghai Branch or Shenzhen Branch to open a securities account.

(ii) The custodian shall submit the following materials when applying for opening a securities account on behalf of a RQFII:

1. Copy of approvals for the custodian's qualification given by China Security Regulatory Commission (CSRC) and State Administration of Foreign Exchange (SAFE) (stamped with official seals);

2. Copy of the custodian's business license (stamped with official seal);

3. Specimen signature card (in duplicate), stamped with the dedicated seal for the custodian and the personal seal of the person in charge of the securities account business on the front and with the custodian's official seal on the back;

4. An authorization issued by the custodian;

5. Valid identification document for the handling person, both original and a

copy;

6. Application Form for Securities Account Registration;

7. Authorization of the RQFII to entrust a custodian, both original and a copy;

8. RQFII's securities investment license issued by CSRC, both original and a

copy;

9. RQFII's foreign exchange registration certificate issued by SAFE, both original and a copy;

10. Custodian's description about opening a Renminbi-denominated account for the RQFII, including account name and account number of Renminbi-denominated account;

11. When applying for opening a securities account for any fund or product under the custody of a RQFII, the custodian shall also provide relevant supporting materials and copies of the fund or product setup document;

12. Other materials required by CSDC.

(iii) The securities account applied for by the RQFII to open shall correspond with the Renminbi-denominated account that is approved.

(iv) When an RQFII opens a securities account in its own name, the "Name of Holder" in the securities account shall be the full name of RQFII. The "Identification Document Number" shall be the RQFII's securities investment license number.

When an RQFII applies for opening a securities account for any fund or product under its custody, the "Name of Holder" in the securities account shall be in the form "the full name of the RQFII – Fund or Product". The name of the RQFII shall be the name stated in the securities investment license, and the name of the fund or product shall be the name stated in the setup document and relevant supporting materials. The " Identification Document Number" shall be the RQFII's securities investment license number.

## II. Settlement

### (i) Settlement mode

Settlement of RQFII securities trading is carried out by reference to the current settlement mode for qualified foreign institutional investors (hereinafter referred to as "QFII").

The RQFII custodian carries out the settlement with CSDC through its current QFII settlement reserves account and shall not separately open a

settlement account.

(ii) Calculation formula of minimum settlement reserves and method of operation

1. Calculation formula

Minimum settlement reserves of relevant settlement reserves account of the RQFII custodian = total investment amounts of custodian's trusted RQFII in the previous month × 20% × minimum settlement reserves percentage, in which the minimum settlement reserves percentage is 0.08% in Shanghai market and 0.06% in Shenzhen market.

2. Operation process

Custodians should declare the minimum settlement reserves of its QFII settlement reserves account for the next month to CSDC Shanghai and Shenzhen Branch by the last working day of each month, including: (1) Consolidated data of minimum settlement reserves of custodian's trusted RQFII and QFII, of which the minimum settlement reserves of the QFII shall be calculated according to the original formula (Minimum settlement reserves of custodian's settlement reserves account = total investment amount of custodian's trusted QFII in the previous month × minimum settlement reserves percentage, in which the minimum settlement reserves percentage is 0.08% in Shanghai market and 0.06% in Shenzhen market); (2) Detailed data of investment amount of custodian's trusted RQFII and QFII.

The minimum settlement reserves above shall be effective and implemented starting the second working day of the following month.

(iii) An RQFII custodian's breach in settlement shall be handled by reference to the relevant regulations concerning risk management as stated in *Implementing Rules for Registration and Settlement of Domestic Securities Investments of Qualified Foreign Institutional Investors*.

III. Miscellaneous

Where relevant regulatory departments stipulate otherwise with respect to depository, clearing and settlement relating to RQFII securities trading, such provisions shall prevail. For any issues not covered in this notice, our other relevant provisions shall apply.

The notice is hereby released.

China Securities Depository and Clearing Corporation Limited  
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