Introduction

1.1. The People’s Republic of China (China) had extended its Renminbi Qualified Foreign Institutional Investor (RQFII) programme to Malaysia with an aggregate quota of Renminbi 50 billion on 23 November 2015.

1.2. The RQFII programme was first introduced in 2011 as part of China’s ongoing efforts to internationalise the Renminbi, and aims to provide greater market access for foreign investors to invest in the Chinese market. The RQFII programme is administered by the China Securities and Regulatory Commission (CSRC), the People’s Bank of China (PBOC) and the State Administration of Foreign Exchange (SAFE).

1.3. The RQFII recognition will allow qualified Malaysian institutions to issue Renminbi investment products to investors and provide an avenue for the utilisation of offshore Renminbi for investment in China’s capital market.

1.4. The Securities Commission Malaysia (SC) and Bank Negara Malaysia (BNM) will facilitate requests from regulated institutions for confirmation on licencing status and regulatory records for respective RQFII applications to the CSRC.

Institutions regulated by the SC and BNM

1.5. Institutions under the purview of the SC and BNM which meet the following criteria are eligible to apply for the RQFII licence:-

(a) Malaysia incorporated institutions which are licensed by the SC for fund management activity;
(b) Malaysia incorporated institutions which are licensed by the SC for dealing in securities and are registered with Bursa Malaysia as a Participating Organisation;
(c) Malaysia incorporated institutions which are licensed by the SC for dealing in derivatives and are registered with Bursa Malaysia as a Trading Participant;
(d) Specified person and registered person under paragraph 21 of Schedule 3 and item 4 of Schedule 4 to the CMSA; or
(e) Any institutions that may be prescribed by the SC or BNM.

1.6. In addition to the above, applicants should also be of good standing, possess sound management and have no adverse records of material regulatory breaches in the last three years.

1.7. Eligible applicants may submit an application for an RQFII licence to the CSRC through an RQFII approved custodian bank. Upon obtaining the RQFII licence,
applicants should submit an application to SAFE for an RQFII investment quota and where necessary, to PBOC for access to the Chinese inter-bank bond market.

1.8. Prior to submitting an RQFII application to the CSRC, eligible applicants are required to obtain confirmation from the SC and/or BNM (where applicable) on its licensing status and regulatory records for the past three years. Correspondences on the above may be directed to:

| Head Authorisation & Licensing Department Securities Commission Malaysia 3 Persiaran Bukit Kiara Bukit Kiara 50490 Kuala Lumpur | Director Financial Sector Development Department Bank Negara Malaysia Jalan Dato’ Onn 50480 Kuala Lumpur |

1.9. In the event where an institution is licenced by both the SC and BNM, such as investments banks, confirmation from both regulators should be obtained. Such institutions should write to the SC to obtain confirmation from both SC and BNM. The SC will co-ordinate with BNM on issuance of the confirmation letter.

1.10. Institutions requesting for confirmation would be required to furnish the following information:-

(a) Name of applicant;
(b) Intended size of quota;
(c) Details of investment strategy for the proposed RQFII investments;
(d) Details of internal approval for the proposed RQFII investments
   (i) Approval date and name of Board/ Board Committee/ senior management;
   (ii) Adequacy of risk management practices and controls;
(e) Target clientele; and
(f) Details of contact person.

1.11. For more information and advice on the application process, applicants are encouraged to consult RQFII approved custodian banks.