FII Market Entry Requirements for HK Bond Connect

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| **Important** | Citibank Hong Kong will open segregated safekeeping accounts in the name of the final beneficiary that will be linked to an omnibus CNY account.As part of the FII account opening process all documentation must be in exactly the same investor name and on the investor's letterhead where appropriate.Clients should consult with their legal advisors for eligibility to participate in the Bond Connect model and where approval is required from your respective local regulator, please provide confirmation that this approval has been granted. |
| **Market Access Process** | Please refer to the below web link of Bond Connect Company Limited (BCCL) for admission workflow and documentation requirement for access to Bond Connect.<https://www.chinabondconnect.com/en/Onboarding/Guidance.html>**Notes:**-BCCL (Bond Connect Company Limited) is a joint venture established by China Foreign Exchange Trade System (National Interbank Funding Center) (CFETS) and Hong Kong Exchanges and Clearing Limited (HKEX) to support Bond Connect related trading services. It provide reviews in an endeavour to minimize the clarifications from PBoC and will provide translation services once the documents in English is reviewed and agreed.-CFETS is the trading platform of China Interbank Bond Market in China, which would process the Trading Account upon approval from PBoC. While creating the linkages and mapping of the Trading Account, CFETS can ask for clarifications to ensure there are no errors in creating the CFETS ID.PBoC (Public Bank of China) is the regulator who approves and can ask for clarifications and amendments on submitted documentation as required.-Funding will be done via CNH channel (offshore Renminbi) and not via CNY (onshore Renminbi).-For US clients, as CFETS only accept the application submitted via a US brokers, the application should be filed via Trade web.-UCITS and AIF clients are now able to trade with multiple Chinese counterparties at their discretion while have the trades settled true RVP/DVP in both China depositories, i.e. China Central Depository & Clearing Co Ltd and Shanghai Clearing House. Since RVP and DVP are fully realized for Bond Connect transactions, the clients may approach their selected counterparties to complete the relationship set up for Bond Connect trading. |
| **Admission Guidance for Investors from Specific Jurisdictions** | Pursuant to Rule 4.5 of the Access Rules (web-link provided as below) and/or the letter of undertaking required under Rule 4.10 of the Access Rules given by an Eligible Foreign Investor to the BCCL, Eligible Foreign Investors should at all times be in compliance with Applicable Law in each jurisdiction in which it is incorporated, domiciled or established or through which it is proposing to access the Northbound Trading Link, and should not cause CFETS or the Company to violate any Applicable Law in such jurisdiction.Clients shall read through the Access Rules and Admission Guidance for Investors from Specific Jurisdictions and make its own assessment (including, where appropriate, obtaining its own legal or regulatory advice) to ensure its compliance with Rule 4.5 of the Access Rules before making an application to become registered as an Eligible Foreign Investor.**Access Rules/ Admission Guidance for Investors from Specific Jurisdictions**:<https://www.chinabondconnect.com/en/Rules-And-Policy/Investor-Admission.html>**Notes:** Clients who are interested in Bond Connect are strongly recommended to check whether there are any specific restrictions applied on their domicile jurisdictions to participate in this program before they start preparing for the market access requirements. RBC IS could liaise with our agent bank to check with BCCL on this upon clients’ request.New investors on the Hong Kong Bond Connect market will need to go through steps for market access which would involve various regulators and market infrastructures.As far as the documentation is concerned, RBC and RBC subcustodian will work together and review all documents to the best of our knowledge prior to clients’ signatures.However, each regulator and market infrastructure in scope may require additional information, clarifications or amendments until the documentation is deemed fully correct; this wider review process may trigger further actions including - but not limited to - amendment and re-execution of the documents etc, to be taken on clients’ side post-signature of the documents. As a result, the market access process might take longer time which clients should take note of when planning for market access timeline. Below are the regulator and market participants which would be involved in the market access process for your information:**>>>**PBoC (Public Bank of China) is the regulator who approves and can ask for clarifications and amendments on submitted documentation as required. **>>>**BCCL (Bond Connect Company Limited) provide reviews in an endeavor to minimize the clarifications from PBoC and will provide translation services once the documents in English is reviewed and agreed. **>>>**CFETS (China Foreign Exchange Trade System) is trading platform of CIBM which would process the Trading Account upon approval from PBoC. While creating the linkages and mapping of the Trading Account, CFETS can ask for clarifications to ensure there are no errors in creating the CFETS ID.  |
| **E-signature**  | Accepted for Annex 2-1, 2-4, 3 and New entity formNot Accepted for annex 6 which needs to be signed in wet ink |

## Account Opening

### Step 1: Client requirements

### Before starting the account opening process all, the following points must be completed.

* Fx mandate to be signed by the client
* Disclaimer letter to be signed by the client (see below template)



### Pre-account opening process:

The clients prior to account opening should complete the following process.

• **Set up access to recognized trading access platforms**

### Under Northbound Bond Connect, trading links are established between global access platforms and the CFETS system, allowing international investors to trade CIBM using an established international interface. For Bond Connect trading, clients shall approach the recognized trading access platform vendor to set up the access to the platform. Clients may found the list of recognized Access Platforms from the web link of BCCL as below:

<https://www.chinabondconnect.com/en/Trading/Trading-Bc/Trading-Mechanism.html>

• **Set up relationship with Bond Connect Dealers**

Clients shall set up relationship with at least one of the participating onshore dealers in order to trade in Bond Connect.

### Step 2: FII Market Entry requirements

Clients shall complete and sign the following documents as required for registration with PBOC and opening Trading ID with CFETS.

<https://www.chinabondconnect.com/en/Onboarding/Forms-And-Translation/Bond-Connect-Filing-Forms.html>

BCCL could assist to review the draft documents. Clients may send their draft to RBC IS who will liaise with our agent bank to submit to BCCL for review and comment before clients executing the documents.

PBOC might be coming back requesting for additional information after they review the application. This will be totally up to the PBOC’s discretion on what information they would require.

**The market requirements are currently changing. If you are applying Bond Connect market, some documents may be subject to change**

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|  | **File** | **Document Template** | **Type of Entity** | **Requirements** |
| New entity Form | Registration Form for Overseas Institutional Investors in China’s Inter-Bank Bond MarketGuidance Note (pdf) |  | Financial Institutions - Incorporated Entities- UnIncorporated Entities - mandates, SMA, segregated accounts- UnIncorporated Entities - Fund Product | Original Copy; Bilingual |
| Annex 2-1 | CIBM Registration Application Form |  | Financial Institutions - Incorporated Entities- UnIncorporated Entities - mandates, SMA, segregated accounts- UnIncorporated Entities - Fund Product | Original Copy; Bilingual |
| Annex 2-4 | Letter of Authorization to registration agent |  | Financial Institutions - Incorporated Entities- UnIncorporated Entities - mandates, SMA, segregated accounts- UnIncorporated Entities - Fund Product | Original Copy; Bilingual |
| Annex 3 | Bond Connect Investors Business Application FormGuidance Note (pdf) |  | Financial Institutions - Incorporated Entities- UnIncorporated Entities - mandates, SMA, segregated accounts- UnIncorporated Entities - Fund Product | Colour scanned copy; Bilingual |
| Annex 6 | Form of Undertaking to BCCL |  | Financial Institutions - Incorporated Entities- UnIncorporated Entities - mandates, SMA, segregated accounts- UnIncorporated Entities - Fund Product | Colour scanned copy; followed by original |

**Translation services:** All forms should be completed in both Simplified Chinese and English.

Kindly note Bond Connect Company Limited can arrange translation service but only after the English content is completed and qualified as set out in the agreement.

<https://www.chinabondconnect.com/en/Onboarding/Forms-And-Translation/Translation.html>

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| **Timing** | BCCL will assist to review the draft documentation prepared by the foreign investors. RBC IS and our agent bank could assist RBC clients to submit the draft documents to BCCL to review and comment before execution. Once the documentation is completed, signed and submitted to BCCL, it would take around 3 weeks to open the securities account, complete the registration with PBOC and 6-8 days to get Trading ID with CFETS. However, the actual timeline will be subject to the response time from the Chinese authorities.The documents may be subject to regulatory and KYC checks and additional documents may be requested by the agent/market authorities which could potentially extend the normal processing time. |
| **Sub-custodian** | RBC IS has appointed Citibank Hong Kong as Sub-custodian. Their role is to open and manage the securities account. |
| **Further Details**  | **FAQ**<http://www.chinamoney.com.cn/english/rarrmrrudgdl/20170622/2150.html>**The Handbook to Bond Connect Admission**<https://bcclweb.s3.ap-east-1.amazonaws.com/uploads/docs/The_Handbook_to_BondConnect_Admission_Guidance_Forms_June2021-4.pdf> |

## Name Change

The **Registration Update Form** allows on boarded Bond Connect investors to register changes related to asset managers, custodian banks, e-trading platforms, traders and any other sort of information update.


Specifically, if changes intended relate to change of asset management entity or a revision of the asset management entity name or fund name, applicants are required to submit an **Information Update Statement.**



<https://www.chinabondconnect.com/en/Onboarding/Forms-And-Translation/Other-Administrative-Forms.html>

## Account closure

##### Foreign investors who wish to exit the Bond Connect scheme shall submit Bond Connect Exit Form (as attached herein) to BCCL in accordance with the process, and settle any outstanding fees and transaction accordingly. After confirming completion of relevant matters, CFETS shall close the accounts and process market exit and inform the investor via BCCL.

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##### The exit form could also be found from the following web link:

##### https://www.chinabondconnect.com/en/Onboarding/Forms-And-Translation/Other-Administrative-Forms.htm

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