

EY in-depth interpretation on the new major policies around “30 financial measures” for Hengqin and Qianhai

China's further opening-up of financial sector
(XVII) series report

On 23 February 2023, the People's Bank of China (PBOC), China Banking and Insurance Regulatory Commission (CBIRC), China Securities Regulatory Commission (CSRC), State Administration of Foreign Exchange (SAFE), People's Government of Guangdong Province jointly issued the *Opinions on the Financial Support for the Construction of Guangdong-Macau In-Depth Cooperation Zone in Hengqin*, and the *Opinions on Financial Support for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Service Industry Cooperation Zone*. As the guidelines for further deepening the financial cooperation in and opening-up of the Guangdong-Hong Kong-Macau Greater Bay Area (GBA), the two documents put forward a raft of fresh-new national initiatives, signaling an accelerated effort to develop the GBA into an international financial hub.

Background

Promoting the development of the GBA is a major strategic decision made by the Communist Party of China (CPC) Central Committee and the State Council. The report to the 20th National Congress of the CPC enunciated China's plan to expedite the development of the GBA and support Hong Kong and Macau in better integrating themselves into China's overall development and playing a greater role in realizing national rejuvenation.

The *Opinions on the Financial Support for the Construction of Guangdong-Macau In-Depth Cooperation Zone in Hengqin* (simplified as the “30 financial measures for Hengqin”) are issued to serve Macau and promoted the integrated development of Hengqin and Macau, push forward financial reform and innovation in the Cooperation Zone and its opening-up and international cooperation, facilitate the livelihood and employment of Macau residents, and moderately boost diversification of Macau's economy. The *Opinions on Financial Support for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Service Industry Cooperation Zone* (simplified as the “30 financial measures for Qianhai”), underlined by the principle of “relying on Hong Kong, serving the Mainland, and opening up to the world”, are designed to comprehensively strengthen the functions of the pilot demonstration window for opening-up of China's financial sector and the experimental zone for the innovation of cross-border RMB business in Qianhai Cooperation Zone.

As shown on the right, the “30 financial measures for Hengqin” and “30 financial measures for Qianhai” are another two major policies of the central government on the financial development of the GBA following the issuance of the *Overall Plan for the Construction of Guangdong-Macau In-depth Cooperation Zone in Hengqin* and *Plan for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Service Industry Cooperation Zone*, and also serve as the guidelines for further deepening the process of building an open and integrated regional collaborative innovation community across the GBA.

In this report, we provide an in-depth interpretation of the two documents, making comparative analysis from multiple dimensions, sharing our insights and outlining the prospects for the future.

Updates to the policies around GBA construction

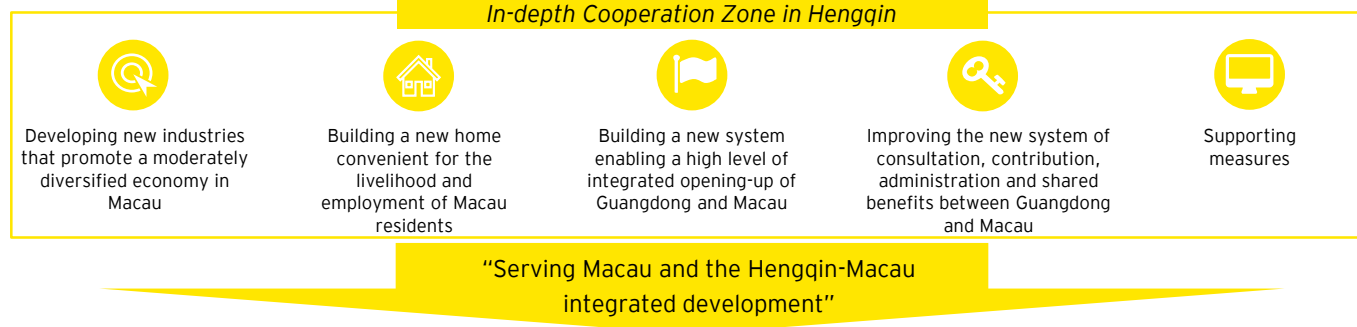


Source: Public information, summarized by EY

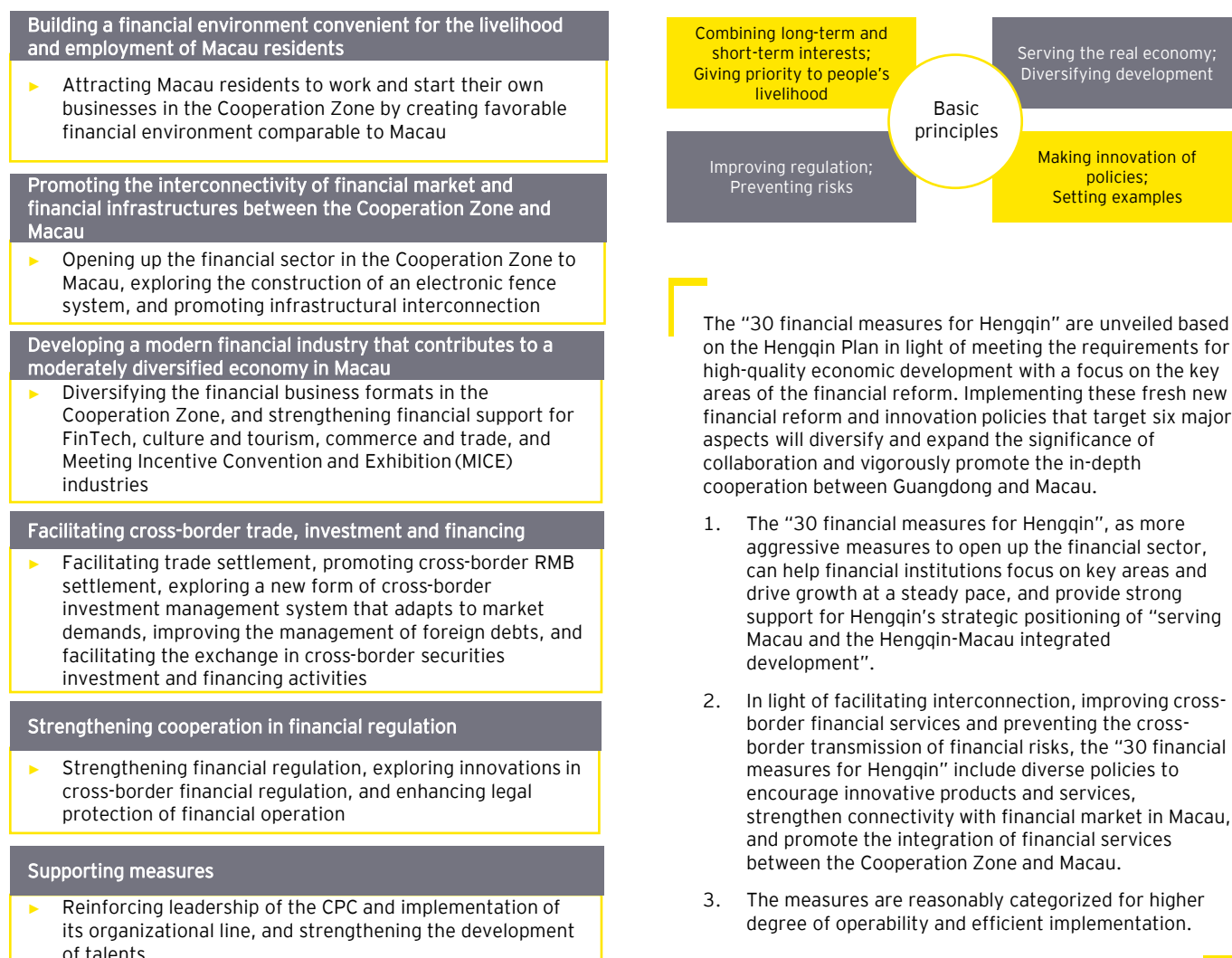
Interpretation on the *Opinions on the Financial Support for the Construction of Guangdong-Macau In-Depth Cooperation Zone in Hengqin*

On 5 September 2021, the CPC Central Committee and the State Council issued the *Overall Plan for the Construction of Guangdong-Macau In-depth Cooperation Zone in Hengqin* (the “Hengqin Plan”), proposing the development of a modern financial industry in the Cooperation Zone. The “30 financial measures for Hengqin” represent 30 financial reform and innovation policies targeting six major aspects, serving as more vigorous drivers to deepen cooperation between Guangdong and Macau.

Overall Plan for the Construction of Guangdong-Macau In-depth Cooperation Zone in Hengqin



Opinions on the Financial Support for the Construction of Guangdong-Macau In-Depth Cooperation Zone in Hengqin



Interpretation on the *Opinions on Financial Support for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone* Policy interpretation

On 6 September 2021, the CPC Central Committee and the State Council issued the Plan for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (the “Qianhai Plan”). Based on the Qianhai Plan and guided by the basic principle of “enhancing Shenzhen-Hong Kong financial cooperation, serving the high-quality development of the real economy, and preventing systemic financial risks”, the “30 financial measures for Qianhai” put forward 30 new financial reform and innovation policies targeting six major aspects, to expand the space for the development of Hong Kong’s financial industry, develop green finance, supply chain finance, shipping finance and FinTech, among other financial activities, and comprehensively strengthen the functions of the national pilot and demonstration window for the opening-up of China’s financial sector and the experimental zone for the innovation of cross-border RMB business.

Plan for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone



Building a pilot platform for comprehensively deepening reform and innovation



Building a gateway to high-level opening up to the outside world



Supporting measures

“Relying on Hong Kong, serving the Mainland, and opening up to the world”

Opinions on Financial Support for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

1

Deepening Shenzhen-Hong Kong financial cooperation, giving priority to financial innovation in the field of serving people’s livelihood, and establishing a financial service system with better quality, more diversified and more convenient livelihood services in the GBA

2

Promoting the interconnection of financial markets and infrastructures between Shenzhen and Hong Kong, carrying out pilot practices in cross-border finance and strengthening the functions of the experimental zone for the innovation of cross-border RMB business

3

Further opening up financial sector, carrying out pilot programs in the reform of foreign exchange control and internationalization of RMB, and strengthening the functions of the national pilot and demonstration window for the opening-up of China’s financial sector

4

Developing the featured financial industry, and cultivating the financial industry formats oriented to provide post-expansion services for the industrial system as well as micro, small and medium-sized enterprises (MSMEs)

5

Strengthening the cooperation in Shenzhen-Hong Kong financial regulation, exploring an inclusive and prudential regulatory model compatible with Hong Kong’s financial system, and improving the cross-border financial risk prevention and control mechanism







6

Supporting measures. Reinforcing leadership of the CPC and implementation of its organizational line, formulating supporting policies to attract high-level financial talents, and stepping up efforts to bring in and develop such talents







The “30 financial measures for Qianhai” that pivot around Shenzhen-Hong Kong financial cooperation are systemically designed, with diverse components covering a full spectrum of areas including finance for people’s livelihood, interconnectivity between financial markets, the development of modern financial industry, facilitation of cross-border trade and investment and financing, and cooperation in financial regulation. Highlights include:

1. Giving top priority to improving people’s livelihood, especially to financial innovation in the interest of people’s livelihood, and providing convenient financial services for people’s livelihood through various initiatives to meet the needs of Hong Kong residents for employment, entrepreneurship and home purchase in the Qianhai Cooperation Zone
2. Proposing effective paths for convertibility of capital accounts and the functions of offshore accounts by exploring new approaches to the reform of foreign exchange management and RMB internationalization, enabling free flow of capital between Hong Kong and Qianhai as a pilot program, and facilitating financing for enterprises and projects by applying multiple cross-border financing methods and establishing a bond platform for the GBA
3. Establishing a cooperation mechanism for financial regulation and exploring innovation in cross-border financial regulation to put in place a financial risk management system aligned with the level of opening-up

The “30 financial measures” for Hengqin and Qianhai benefit enterprises/residents in Macau and Hong Kong

Impact on Macau enterprises/residents		
	Purchase/sale of commercial housing	▶ Facilitating qualified Macau residents’ remittance when they purchase or sell commercial housing in the Cooperation Zone at the premise of being used for their own use or living
	Securities investment	▶ Supporting Macau residents living and working in the Cooperation Zone to open domestic securities accounts directly with financial institutions in the Cooperation Zone and participate in investment in the Mainland’s securities markets
	Loans to enterprises	▶ Encouraging financial institutions to financially support industries including cultural tourism, commerce and trade, MICE, technology and innovation in alignment with Macau’s existing policies to develop the “four key industries”
	Mobile payment	▶ Promoting the use of mobile payment tools in the Cooperation Zone, and proposing for the first time to explore the possibility of allowing market players in the Cooperation Zone to make payments in Macau Pataca or RMB
	Talent cultivation	▶ Introducing special policies to facilitate high-level financial talent development in the Cooperation Zone, deepening the cooperation and communication between the Cooperation Zone and Macau, and supporting the effort to bring in and develop top talents and specialists in the financial industry
	Employment	▶ Supporting financial institutions in the Cooperation Zone to provide employment for Macau residents, accepting financial talents with overseas qualifications issued by Macau and other countries, and recognizing their overseas working experience as domestic equivalence

Source: Summarized by EY based on the Opinions on the Financial Support for the Construction of Guangdong-Macau In-Depth Cooperation Zone in Hengqin

Impact on Hong Kong enterprises/residents		
	Opening of bank accounts	<ul style="list-style-type: none"> ▶ Expanding the scale of opening mainland Category II and Category III bank accounts (note) through the use of a witness service in Hong Kong to more banks ▶ Exploring ways to strengthen online business innovation in Qianhai Cooperation Zone, such as applying in the process of opening credit cards remotely as a pilot practice
	Credit financing	<ul style="list-style-type: none"> ▶ Allowing qualified branches of Hong Kong commercial bank in Qianhai Cooperation Zone to access by law Hong Kong residents’ credit standings confirmed by their Hong Kong parent banks, with consent of these Hong Kong residents, in order to provide financial services, such as credit loans, for the Hong Kong residents living and working in Qianhai Cooperation Zone ▶ Exploring ways of enabling Shenzhen-Hong Kong market-oriented commercial credit investigation agencies to carry out cross-border remittance and cooperation in accordance with the laws, and allowing banks in Qianhai Cooperation Zone and Hong Kong to obtain the commercial credit information of both parties’ clients through commercial credit investigation agencies subject to the consent of clients, so as to promote the development of cross-border corporate loan business between the two regions
	Cross-border investment and financing by enterprises	<ul style="list-style-type: none"> ▶ Supporting Hong Kong enterprises and people in making innovation and starting businesses in Qianhai Cooperation Zone ▶ Assisting qualified Hong Kong-funded micro and small-sized enterprises in Qianhai Cooperation Zone to obtain RMB loans capped at RMB 5 million from overseas banks
	Employment	<ul style="list-style-type: none"> ▶ Encouraging Mainland-funded securities and futures business operators in Qianhai Cooperation Zone to increase the percentage of Hong Kong employees and improve the professional capability of Hong Kong professionals ▶ Supporting banks in cooperating with non-bank payment institutions to provide services facilitating cross-border receipt and payment of personal remuneration based on actual remuneration levels
	Supporting the establishment of an asset management center in Hong Kong	<ul style="list-style-type: none"> ▶ Allowing organizations such as private banks and family wealth managers in Hong Kong to establish franchise in Qianhai Cooperation Zone and supporting qualified asset management organizations in Hong Kong to set up wealth management joint ventures in Qianhai Cooperation Zone and engage in cross-border asset management business pursuant to the laws ▶ Allowing Qianhai Cooperation Zone to add corporate credit bonds to the types of counter-traded bonds to expand the investment and financing channels for players in the GBA
	Expanding the space for development of Hong Kong’s financial industry	<ul style="list-style-type: none"> ▶ Supporting high-standard development of Qianhai Shenzhen-Hong Kong International Financial City to provide a carrier for Hong Kong’s financial institutions engaging in cross-border operations by law and regulations as well as for the iteration and upgrading of digital finance and FinTech in Hong Kong ▶ Providing support for qualified financial institutions in Qianhai Shenzhen-Hong Kong International Financial City and financial institutions of Hong Kong to jointly pursue financial innovation by law, and improve the capacity of international business to financially serve the enterprises that “go global”

Note: According to the Notice on Matters Concerning the Improvement to the Classification Management of Personal Bank Accounts, Category II accounts are used for deposits, purchasing investment/wealth management products and other financial products, consumption and payment with upper limit of amount; and Category III accounts are only used for consumption and payment within the amount limit.

Source: Summarized by EY based on the Opinions on Financial Support for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

Comparative analysis of the “30 financial measures for Hengqin” and the “Hengqin Plan”

30 financial measures for Hengqin	Hengqin Plan	Our interpretation on the “30 financial measures”
1. Financial innovation in serving people's livelihood		
<p>II. Building a financial environment convenient for the livelihood and employment of Macau residents</p> <p>(I) Easing individual cross-border transactions in the Cooperation Zone</p> <p>(II) Easing mobile payment in the Cooperation Zone</p> <p>(III) Facilitating Macau residents' credit financing in the Cooperation Zone</p> <p>(IV) Strengthening insurance protection for residents in the Cooperation Zone</p> <p>(V) Facilitating the employment of Macau residents in the Cooperation Zone</p>	<p>(IX) Developing modern financial industry</p> <ul style="list-style-type: none"> Supporting cross-border motor vehicle insurance, cross-border commercial medical insurance, letter of credit insurance and other businesses in the Cooperation Zone <p>(XII) Attracting Macau residents to work and start their own businesses</p> <ul style="list-style-type: none"> Allowing talents specializing in certain fields with overseas qualifications issued by Macau and other countries to provide services in the Cooperation Zone upon filing with local authorities, and recognizing their overseas working experience as domestic equivalence 	<ul style="list-style-type: none"> Proposing a number of financial support policies facilitating the living of Macau residents in the Cooperation Zone for the first time Providing a financial environment which is more convenient for the livelihood and employment of Macau residents in all aspects and from multiple dimensions Further implementing strategic positioning of “Serving Macau and the Hengqin-Macau integrated development”
2. Interconnection between financial markets		
<p>III. Promoting the interconnection of financial market and financial infrastructure between the Cooperation Zone and Macau</p> <p>(VI) Opening the financial sector of the Cooperation Zone much wider to Macau</p> <p>(VII) Strengthening the interconnection between the financial markets of the Cooperation Zone and Macau</p> <p>(VIII) Exploring the way to establish an electronic fence system</p> <p>(IX) Improving the account management system</p>	<p>(IX) Developing modern financial industry</p> <ul style="list-style-type: none"> Supporting the development of cross-border RMB settlement business in the Cooperation Zone Lowering the threshold for Macau-funded financial institutions to set up banking and insurance institutions <p>(XVII) Boosting innovation of cross-border financial management</p> <ul style="list-style-type: none"> Exploring the way to establish an electronic fence system Exploring free inflow of cross-border capital and promoting capital convertibility in the Cooperation Zone 	<ul style="list-style-type: none"> Introducing policies for the first time to support the design of a financial system promoting greater openness Carrying out innovation of cross-border financial management, constructing an “electronic fence” system for funds, exploring ways to enable free flow of cross-border capital, promoting financial service integration between the Cooperation Zone and Macau, and accelerating the interconnection between financial markets of the two regions
3. Modern financial industry development		
<p>IV. Developing modern financial industry that promotes the development of a moderately diversified economy of Macau</p> <p>(X) Diversifying the financial business formats in the Cooperation Zone</p> <p>(XI) Strengthening financial support for culture and tourism, commerce and trade, and MICE industries</p> <p>(XII) Strengthening technological innovation of financial services</p> <p>(XIII) Improving financial services for entrepreneurship</p> <p>(XIV) Supporting the development of asset management industry</p> <p>(XV) Strengthening bond financing services</p> <p>(XVI) Promoting the development of international financial leasing and commercial factoring</p> <p>(XVII) Supporting the development of green finance</p> <p>(XVIII) Exploring the development of offshore financial services</p>	<p>(VII) Developing Macau's brand industries such as traditional Chinese medicine</p> <p>(VIII) Developing the culture and tourism, MICE, and commerce and trade industries</p> <p>(IX) Developing modern financial industry</p> <ul style="list-style-type: none"> Encouraging social capital to establish multi-currency venture capital funds and private equity investment funds in accordance with the market-oriented principle Supporting Macau in innovation and development of modern financial industry in the Cooperation Zone <p>(XVII) Promoting innovation of cross-border financial management</p> <ul style="list-style-type: none"> Exploring the way to establish a new foreign debt management system Focusing on serving the investment and financing needs of the real economy Providing support proactively for listing and bond issuance overseas, and streamlining remittance management process 	<ul style="list-style-type: none"> Delivering diversified and comprehensive modern financial services that prop up featured pillar industries in the Cooperation Zone, and particularly strengthening financial support for entities' businesses Promoting the development of cross-border finance, FinTech, wealth finance, green finance and other financial operations in the Cooperation Zone Expediting efforts to build the Cooperation Zone into a new model of opening China's financial industry wider

Comparative analysis of the “30 financial measures for Hengqin” and the “Hengqin Plan” (continued)

30 financial measures for Hengqin	Hengqin Plan	Our interpretation on the “30 financial measures”
4. Cross-border trade, investment and financing		
<p>V. Easing cross-border trade, investment and financing</p> <p>(XIX) Easing trade settlement</p> <p>(XX) Promoting cross-border RMB settlement service</p> <p>(XXI) Easing remittance service for foreign direct investment</p> <p>(XXII) Exploring the way to a new form of cross-border investment management system that adapts to market demand</p> <p>(XXIII) Improving foreign debt management</p> <p>(XXIV) Easing cross-border remittance service in securities investment and financing</p>	<p>(IX) Developing modern financial industry</p> <ul style="list-style-type: none"> ▶ Supporting the development of cross-border RMB settlement business in the Cooperation Zone ▶ Supporting cross-border motor vehicle insurance, cross-border commercial medical insurance, letter of credit insurance and other businesses in the Cooperation Zone <p>(XVII) Driving innovation in cross-border financial management</p> <ul style="list-style-type: none"> ▶ Exploring the way to establish a new foreign debt management system in the field of cross-border financing <p>(XVIII) Establishing a market access system featuring relaxed regulation</p> <ul style="list-style-type: none"> ▶ Formulating special measures for relaxing market access in the Cooperation Zone 	<ul style="list-style-type: none"> ▶ Strengthening in-depth cooperation between Guangdong and Macau in cross-border trade, investment and financing through more vigorous opening-up measures, and improving the cross-border investment and financing management system ▶ Carrying out pilot programs for foreign exchange reform and RMB internationalization to further facilitate cross-border trade, investment and financing
5. Improvement of regulation and risk prevention		
<p>VI. Strengthening financial regulatory cooperation</p> <p>(XXV) Strengthening financial regulation</p> <p>(XXVI) Exploring innovation in cross-border financial regulation</p> <p>(XXVII) Enhancing financial legal protection</p>	<p>(XVIII) Establishing a market access system featuring relaxed regulation</p> <ul style="list-style-type: none"> ▶ Strengthening in-process and ex-post regulation and establishing regulatory standards and rules applicable to Macau and in line with international practices 	<ul style="list-style-type: none"> ▶ Strengthening financial regulatory cooperation to improve cross-border financial regulations on innovations ▶ Improving financial risk prevention and control mechanism that matches the level of opening-up, to ensure orderly provision of cross-border financial services, and support the wider opening-up of the financial industry in the Cooperation Zone
6. Supporting measures for deepening cooperation		
<p>VII. Supporting measures</p> <p>(XXVIII) Reinforcing the leadership of the CPC</p> <p>(XXIX) Strengthening implementation of CPC's organizational line</p> <p>(XXX) Enhancing efforts to develop talents</p>	<p>(XXV) Comprehensively strengthening the leadership and building of the CPC in the Cooperation Zone</p> <p>(XXVII) Increasing power delegation</p> <p>(XXIX) Strengthening implementation of CPC's organizational line</p>	<ul style="list-style-type: none"> ▶ Further reinforcing leadership of the CPC and implementation of its organizational line, and proposing new measures for strengthening talent cultivation ▶ Intensifying supporting measures to ensure implementation of the Hengqin Plan and in-depth cooperation in the Cooperation Zone

Source: Summarized by EY based on the Opinions on the Financial Support for the Construction of Guangdong-Macau In-Depth Cooperation Zone in Hengqin

Comparative analysis of the “30 financial measures for Qianhai” and the “Qianhai Plan”

30 financial measures for Qianhai	Qianhai Plan	Our interpretation on the “30 financial measures”
1. Giving priority to financial innovation in serving people's livelihood		
<p>II. Deepening Shenzhen-Hong Kong financial cooperation, giving priority to financial innovation in the field of serving people's livelihood, and establishing a high-quality financial service system delivering better quality, more diversified and more convenient livelihood services in the GBA</p> <p>(I) Facilitating Hong Kong residents to open mainland bank accounts</p> <p>(II) Facilitating Hong Kong residents' credit financing</p> <p>(III) Facilitating Hong Kong enterprises' cross-border investment and financing</p> <p>(IV) Facilitating the practice of Hong Kong professionals</p>	<p>(VI) Fostering a world-class business environment</p> <ul style="list-style-type: none"> ▶ Delivering facilitating cross-border government services with Hong Kong and Macau, and exploring standards and rules on transportation, communications, information and payment that are applicable to Hong Kong and Macau ▶ Facilitating young people from Hong Kong and Macau to study, work, reside, live, start businesses and obtain employment in Qianhai Cooperation Zone 	<ul style="list-style-type: none"> ▶ Proposing to give priority to financial innovations in serving people's livelihood for the first time ▶ Providing convenience for Hong Kong residents in consumption, financial management, financing and employment ▶ Exploring the way of Shenzhen-Hong Kong cross-border credit investigation cooperation and promoting the development of cross-border corporate loan business in both regions
2. Deepening the interconnection of financial markets and infrastructure		
<p>III. Promoting the interconnection of financial markets and infrastructure between Shenzhen and Hong Kong, carrying out pilot practices in cross-border finance, and strengthening the functions of the experimental zone for the innovation of cross-border RMB business</p> <p>(VII) Expanding the business scopes of Hong Kong financial institutions</p> <p>(VIII) Permitting financial institutions in the securities sector to carry out direct financing in Hong Kong</p> <p>(IX) Strengthening cooperation and innovation in bond trading between Shenzhen and Hong Kong</p> <p>(X) Improving cross-border insurance business</p> <p>(XI) Exploring the Shenzhen-Hong Kong private trading mechanism in an orderly manner</p> <p>(XII) Carrying out the transfer of private equity and venture capital investment shares on a pilot basis</p> <p>(XIII) Building spot commodity trading platform by law and regulations</p>	<p>(IV) Promoting innovative development of modern service industry</p> <ul style="list-style-type: none"> ▶ Cultivating the financial industry oriented to serving the real economy, actively and steadily promoting the innovation of financial institutions, financial markets, financial products and financial supervision, and providing multi-layered comprehensive financial services for consumption, investment, trade, technology and innovation 	<ul style="list-style-type: none"> ▶ Facilitating more enterprises and projects seeking funds from Hong Kong capital market, and further strengthening the functions of Hong Kong as a major global investment and financing platform ▶ Providing comprehensive support for Hong Kong's financial services industry to enter the mainland market from the aspects of organization, space, business and talent
3. Further opening up financial sector, and facilitating cross-border trade, investment and financing		
<p>IV. Further opening up financial sector, carrying out pilot programs in the reform of foreign exchange control and internationalization of RMB, and strengthening the functions of the national pilot and demonstration window for wider opening-up of China's financial sector</p> <p>(XIV) Further opening up banking, securities and insurance industries</p> <p>(XV) Facilitating cross-border trade settlement</p> <p>(XVI) Moderately relaxing restrictions on cross-border investment and financing</p> <p>(XVII) Exploring the effective paths for convertibility of capital accounts</p> <p>(XVIII) Exploring a new mechanism for cross-border payment and settlement</p> <p>(XIX) Expand the functions of offshore accounts</p>	<p>(IX) Further opening up financial sector</p> <ul style="list-style-type: none"> ▶ Supporting the development of international insurance institutions in Qianhai Cooperation Zone ▶ Supporting the Qianhai Mercantile Exchange (QME) of the Hong Kong Exchanges and Clearing Limited to carry out spot trading of commodities by laws and regulations ▶ Enhancing the functions of the pilot demonstration window for wider opening-up of China's financial sector and the experimental zone for innovation in cross-border RMB business ▶ Carrying out the pilot program of integrating domestic and foreign currencies bank account system ▶ Supporting qualified financial institutions to carry out cross-border securities investment and other businesses ▶ Exploring a new mechanism for cross-border trade finance and international payment and settlement 	<ul style="list-style-type: none"> ▶ Facilitating the participation of investors from different regions in settlement of RMB transactions in the offshore market, vigorously supporting the development of the offshore RMB market in Hong Kong and consolidating Hong Kong's position as the hub of offshore RMB business

Comparative analysis of the “30 financial measures for Qianhai” and the “Qianhai Plan” (continued)

30 financial measures for Qianhai	Qianhai Plan	Our interpretation on the “30 financial measures”
4. Developing featured financial industry, diversifying and expanding the scope of cooperation		
<p>V. Developing featured financial industry, and cultivating the financial industry formats oriented to serve the industrial system after the "expansion" and MSMEs</p> <p>(XX) Promoting the development of green finance</p> <p>(XXI) Innovating the development of supply chain finance</p> <p>(XXII) Increasing financial support for the development of marine economy</p>	<p>(IV) Promoting innovative development of modern service industry</p> <ul style="list-style-type: none"> Promoting cross-border integration and innovation of supply chain <p>(V) Accelerating the reform and innovation of development policies and mechanisms for technology</p> <ul style="list-style-type: none"> Vigorously developing marine technology <p>(IX) Further opening up financial sector</p> <ul style="list-style-type: none"> Deepening green financial cooperation between Guangdong, Hong Kong and Macau 	<ul style="list-style-type: none"> Proposing specific scenarios for the development of featured financial industries to cover the development of high-standard financial services such as commercial factoring, cross-border financing lease, shipping financing, and shipping insurance Deepening cooperation with Hong Kong on green finance around products, mechanisms and talent, to build an ecological system of financial services enabling transformation towards a green economy
5. Strengthening financial regulation through innovation and coordination to ensure alignment of risk prevention and control with financial reform and innovation		
<p>V. Developing featured financial industry, and cultivating the financial industry formats oriented to provide post expansion serves for the industrial system after the "expansion" as well as MSMEs</p> <p>(XXIII) Supporting the implementation of pilot programs for financial innovation for science and technology</p> <p>(XXIV) Supporting the development of FinTech</p> <p>VI. Strengthening financial regulatory cooperation between Shenzhen and Hong Kong, exploring an inclusive and prudential regulatory model compatible with Hong Kong's financial system, and improving the cross-border financial risk prevention and control mechanism</p> <p>(XXV) Establishing a Shenzhen-Hong Kong financial regulatory cooperation mechanism</p> <p>(XXVI) Exploring cross-border financial regulatory innovation</p> <p>(XXVII) Improving legal environment for financial operations</p>	<p>(IV) Promoting the innovative development of modern service industry</p> <ul style="list-style-type: none"> Cultivating the financial industry oriented to serving the real economy, actively and steadily promoting innovations at financial institutions, financial markets, financial products and financial regulation <p>(IX) Further opening up financial sector</p> <ul style="list-style-type: none"> Enhancing the ability to prevent and defuse financial risks in the Qianhai Cooperation Zone, relying on technical monitoring, early warning and resolution Supporting Qianhai in promoting research on and application of regulatory technologies, and exploring pilot programs 	<ul style="list-style-type: none"> Improving the financial risk prevention and control mechanism matching the level of opening-up and strengthening financial regulation by supporting the deepening of the implementation of FinTech innovation regulation tools in Qianhai Cooperation Zone, establishing a financial regulation cooperation mechanism, exploring cross-border financial regulation innovation and other measures
6. Supporting measures		
<p>(XXVIII) Reinforcing the leadership of the CPC</p> <p>(XXIX) Strengthening implementation of CPC's organizational line</p> <p>(XXX) Enhancing efforts to develop talents</p>	<p>(XII) Adhering to the overall leadership of the CPC</p> <p>(XIII) Improving the implementation mechanism of CPC's organizational line</p> <p>(XIV) Holding local entities accountable</p>	<ul style="list-style-type: none"> Proposing to strengthen the development of talents on the basis of further reinforcing leadership of the CPC and implementation of its organizational line

Source: Summarized by EY based on the Opinions on Financial Support for Comprehensively Deepening Reform and Opening-up in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

Achievements and outlook of financial reform and opening-up in the GBA

Since the issuance of Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area in early 2019, the financial interconnection in the GBA has accelerated as a key national financial strategy. This strategy unveils a visionary blueprint for the development of the GBA from a holistic perspective, providing an historic opportunity for the integrated development of the financial markets in Guangdong, Hong Kong and Macau.

According to the data of Guangdong Financial Supervisory Authority, in 2021, the added value in the financial industry of the GBA exceeded RMB1.5 trillion (a nearly 35% increase from 2018), accounting for more than 10% of the GDP; the cross-border RMB settlement in the GBA totaled over RMB21 trillion, with RMB remaining as the most used currency in the region's cross-border transactions since 2020. In the Global Financial Centres Index 32 (GFCI 32) report in 2022, Hong Kong ranked fourth among the 119 financial centers on the list, and Shenzhen and Guangzhou ranked ninth and 25th, respectively, demonstrating the pivotal role of the integrated financial market in the GBA on the world stage.

The Global Financial Centres Index 32 (GFCI 32)

Center	Rank	Rating
New York	1	760
London	2	731
Singapore	3	726
Hong Kong	4	725
Shenzhen	9	720
Guangzhou	25	704

Source: GFCI, summarized by EY

So far, the financial integration of Guangdong, Hong Kong and Macau has delivered some remarkable results and shown great development potential, highlighted by constant breakthroughs in financial reform and innovation by Hengqin, Qianhai and Nansha initiatives as the important cooperation platforms of Guangdong, Hong Kong and Macau; continuous improvement of the three major financial facilities including Shenzhen Stock Exchange, Hong Kong Exchanges and Clearing Limited and Guangzhou Futures Exchange; expanding application scopes of the “Shenzhen-Hong Kong Stock Connect”, “Bond Connect” and “Wealth Management Connect”; many financial products that are rolled out for the first time in China to serve the three major groups (residents, enterprises and talents) in the GBA, and new progresses of financial innovations in green finance, FinTech and cross-border finance, etc.

Comprehensive cooperation among Guangdong, Hong Kong and Macau led by Hengqin and Qianhai as the pilot

Hengqin Cooperation Zone has seen achievements in cross-border finance innovation. For example, it brought in the first pilot enterprise of qualified foreign limited partner (QFLP) that is wholly Australian-owned and the first foreign private equity firm with French shareholders; it witnessed the completion of the largest Secondary Fund transaction publicly disclosed in China to date, known as the largest RMB & USD fund transaction in Asia.

Qianhai Cooperation Zone has many initiatives in financial reform and innovation, such as the first RMB overseas fund for investment financing in the GBA; the first to complete testing Hong Kong residents' use of digital RMB in mainland; China's first financial innovation base for Shenzhen-Hong Kong supply chain; the first channel to source cross-border RMB loans; two-way cross-border bond issuance; two-way cross-border equity investment; and the first to arrange pilot cross-border asset transfer in China.

Continuous improvement in market interconnection arrangement

The scope of “Shenzhen-Hong Kong Stock Connect” is expanding. The interconnectivity of markets between mainland and Hong Kong has improved by including biotechnology companies listed in Hong Kong in the scope of “Shenzhen-Hong Kong Stock Connect”. In October 2020, the Shenzhen-Hong Kong ETF Connect was officially opened. In 2022, exchange-traded funds (ETFs) were included into the underlying assets of interconnection, as the interconnection mechanism for mainland and Hong Kong stock markets continues to upgrade.

**RMB58.8
trillion**

Total transaction
amount of Shenzhen-
Hong Kong Stock
Connect (as at 2022
year-end)

Bond Connect allows two-way cross-border bond issuance. In July 2017, “Northbound Trading” in Bond Connect was officially opened, and following four years of successful operation, “Southbound Trading” was officially opened in September 2021.

In October 2021, the pilot programs for “Wealth Management Connect” in the GBA were implemented. According to the data of Guangzhou Branch of the PBOC, as at January 2023, a total of 41,500 investors participated in “Wealth Management Connect”, with 17,000 transactions that amounted to RMB2.451 billion. According to the data of PBOC, as at December 2022, the number of pilot banks that had filed required documents was 31 for the mainland, 24 for Hong Kong and nine for Macau.

EY outlook

The financial interconnection in the GBA is a key initiative that China implements to comprehensively deepen reform and opening-up and establish a new development paradigm. The release of “30 financial measures” for Hengqin and Qianhai indicates a rosy prospect of financial interconnection in the GBA.

The issuance of the two documents will facilitate the in-depth development of the financial reform and opening-up in the GBA. The Guangdong-Macau In-Depth Cooperation Zone in Hengqin will see a wider development space, with the “30 financial measures” providing policy guidance and support to accelerate the integrated development of financial services in Hengqin and Macau, and showing the development path for building a financial industry that is compatible with the diversification of Macau's economy. The Qianhai Shenzhen-Hong Kong Service Industry Cooperation Zone will facilitate the in-depth cooperation between financial institutions and enterprises in Shenzhen and Hong Kong, and free flows of capital between Shenzhen and Hong Kong, enhancing the overall competitiveness of the financial markets in the GBA.

The introduction of the “30 financial measures” for Hengqin and Qianhai also indicates that the government attaches great importance to and supports deepening of financial cooperation in the GBA, and will further promote the integrated and coordinated economic development in the GBA, expecting a high-quality financial development from emerging opportunities.

EY teams will continue to follow up on the development of the GBA, and leverage our global network resources to devise smart solutions for its integrated financial development and provide effective and efficient professional service support, to facilitate the high-quality development of the financial industry in the GBA and facilitate greater financial market connectivity in the GBA.

EY professional services teams

For more information, please reach out to your EY contact person or one of the following EY professionals:



Effie Xin
APAC FinTech and Innovation Managing Partner
Greater China Financial Services Managing Partner
Ernst & Young (China) Advisory Limited
+86 21 2228 3286
effie.xin@cn.ey.com



William Huang
South China Leader
Ernst & Young Hua Ming LLP
+86 20 28812688
william.huang@cn.ey.com



Benny BY Cheung
South China Financial Services Leader
Ernst & Young Hua Ming LLP
+86 755 2502 8287
benny-by.cheung@cn.ey.com



Jasmine SY Lee
Hong Kong and Macau Leader
Ernst & Young
+852 2629 3006
jasmine-sy.lee@hk.ey.com



Teresa Zhao
FSO Partner
Ernst & Young Hua Ming LLP
+86 20 2881 2773
teresa.zhao@cn.ey.com



Alex Jiang
Greater China Financial Services Partner
Financial Liberation Task Force Leader
Ernst & Young Hua Ming LLP
+86 21 2228 2963
alex.jiang@cn.ey.com



Maggie Gao
FSO Partner
Ernst & Young Hua Ming LLP
+86 755 2238 5837
maggie.gao@cn.ey.com



Paul Ho
Hong Kong Financial Services Tax Leader
Ernst & Young Tax Services Limited
+852 2849 9564
paul.ho@hk.ey.com

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