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Department of International Affairs
China Securities Regulatory Commission
Focus Plaza, 19 Jin Rong Street
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Beijing, China 100033

尊敬的先生/女士：
Dear Sir/Madam,

关于进一步优化境外机构投资者进入中国债券市场路径的建议

Recommendations for Further Improving the Access of Foreign Institutional Investors to China's Bond Market

投资公司协会（环球）¹注意到中国人民银行、国家外汇管理局和中国证券监督管理委员会（以下简称中国证监会，及统称三个监管单位为监管机构）正在切实放宽境外投资者投资中国债券市场的准入条件及统一境外投资者进入中国债券市场的标准²，我们对此感到十分鼓舞。包括投资公司协会（环球）的会员在内的全球受监管基金³的管理

¹ 投资公司协会（环球）(ICI Global) 是投资公司协会（Investment Company Institute，以下简称 ICI）的国际机构，该协会是代表全球受监管基金的领先行业组织。ICI 的会员包括在全球各司法管辖区公开发行的受监管基金，总资产管理规模达 33.8 万亿美元。ICI 致力于倡导行业遵守高道德标准，增进公众认识，并推动保障受监管投资基金、其管理人以及投资者的利益。ICI Global 在伦敦、香港和华盛顿均设有办事处。

ICI Global carries out the international work of the Investment Company Institute, the leading association representing regulated funds globally. ICI's membership includes regulated funds publicly offered to investors in jurisdictions worldwide, with total assets of US\$33.8 trillion. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of regulated investment funds, their managers, and investors. ICI Global has offices in London, Hong Kong, and Washington, DC.

² 监管机构于 2020 年 9 月 2 日联合发布《关于境外机构投资者投资中国债券市场有关事宜的公告（征求意见稿）》（以下简称 9 月份征求意见稿），广泛征求意见。

Notably, on September 2, 2020, the Regulators jointly released for public consultation the Circular on Matters Concerning Foreign Institutional Investors' Investments in China's Bond markets ("September Consultation Paper").

³ “受监管基金”包括受《1940 年投资公司法》（简称《投资公司法》）全面监管的美国基金，以及在美国境外成立或设立并受到实质性监管、可向个人投资者销售的非美国基金（例如，在欧盟注册并符合 UCITS 指令要求的基金（以下简称 UCITS））。

人普遍对投资于中国债券市场抱有浓厚兴趣，并对监管机构努力为境外投资者进入中国债券市场提供便利渠道表示热烈欢迎。

ICI Global¹ is pleased and encouraged that the People’s Bank of China (“PBOC”), State Administration of Foreign Exchange (“SAFE”), and China Securities Regulatory Commission (“CSRC,” and these three regulators shall be collectively referred to as “Regulators”) are taking concrete efforts to ease and standardize the process for foreign investors to access the Chinese bond market.² Managers of global regulated funds³, such as our member firms, generally are very interested in the Chinese bond market and support efforts to facilitate avenues through which foreign investors can access this market.

目前境外投资者（包括受监管基金）在投资中国债券市场时仍然面临各种挑战。这些挑战增加了其进入中国债券市场和/或交易中国债券的难度，并可能最终影响中国债券市场对境外投资者的吸引力。如在前述领域有所改善，特别是如能与全球标准进一步接轨，则必将进一步完善中国资本市场，有利于吸引更多境外投资。这无论是对于中国资本市场还是境外投资者均十分有利。

Foreign investors, including regulated funds, however, continue to face various challenges when investing in the Chinese bond market. These challenges make it more difficult to access and/or transact in Chinese bonds and ultimately impact the attractiveness of Chinese bonds for foreign investors altogether. Progress in these areas, and in particular greater alignment with global standards, would improve China’s capital markets and encourage additional foreign investment, to the benefit of both China capital markets and foreign investors.

经过热烈的内部讨论，积极投资于全球新兴市场和已投资于中国资本市场的会员们提出了一系列建议。我们衷心盼望监管机构在制定便利境外投资者投资中国债券市场的相关实施规则时考虑该等建议⁴。

Described below are a series of recommendations we request that the Regulators consider as they adopt further rules intended to improve foreign investors’ access to the Chinese bond market. These recommendations have been compiled based on discussions with our members who are active investors in emerging markets around the world and currently invest in the Chinese capital markets⁴.

The term “regulated funds” includes US funds, which are comprehensively regulated under the Investment Company Act of 1940 (Investment Company Act), and non-US funds, that are organized or formed outside the US and substantively regulated to make them eligible for sale to retail investors (e.g., funds domiciled in the European Union and qualified under the UCITS Directive (UCITS)).

⁴ 我们明白监管机构之前已经收到了业界的反馈意见，包括对 9 月份征求意见稿（参见脚注 2）的回应。本文旨在提供尚未提交给监管机构考虑的反馈和建议。

We are aware that the Regulators have previously received feedback from the industry, including in response to the September Consultation Paper (see note 2). This paper seeks to provide feedback and recommendations that have not yet been submitted to the Regulators for consideration.

1. 采用全球标准以改善结算失败应对措施和净额结算机制 Adoption of Global Standards to Facilitate Settlement Failure and Netting

1.1. 结算失败应对措施的全球标准

Global Standards for Settlement Failure Procedures

我们建议监管机构采用符合全球标准的结算失败应对措施。近期推出的银行间债券市场循环结算服务允许境外投资者在现券交易结算失败后 3 个工作日内重新发起结算。虽然此项业务可以作为境外资产管理人管理运营风险的工具，但因循环结算可能会带来交易取消的风险，对资产管理人而言循环结算服务并不是最优解决方案。在循环结算服务下，双方（即买方和卖方）需要重新协商新合同的条款。如果协商破裂，交易被取消，买方可能面临订立条件较差的合同以获得标的证券的风险。除此以外，应计利息也将根据新的结算日进行调整，这可能会给资产管理人在现金管理方面带来潜在的挑战。

We recommend that the Regulators adopt procedures for failed trades that are in line with global standards. The recently launched Recycling Settlement Service for failed trades in the interbank bond market allows foreign investors to rearrange the settlement of a cash bond trade that has failed on the original settlement date within the next three business days. Although this service could be used as a tool for foreign asset managers to manage operational risks, the recycling settlement is not the optimal solution for asset managers as it may give rise to trade cancellation risk. Under the Recycling Settlement Service, both parties (i.e. the buyer and seller) are required to renegotiate the terms of the new contract. Should the negotiation break down and the trade is cancelled, the buyer faces the risks of entering into a contract with less favorable terms in order to acquire the target securities. Furthermore, the accrued interests to be settled would have to be revised according to the new settlement date, and this may create potential cash management challenges for the asset managers.

相比之下，根据主要司法管辖区所采用的全球标准，结算失败一般不被视为合同违约。处理结算失败的标准做法是，允许失败的卖方在下一个工作日以原定条款和条件进行交割，直到交易最终完成。例如，周一未能结算的交易将被安排在周二再次进行结算，如果周三不能结算，将安排在周四再次结算，如此类推。全球标准做法更受欢迎，因为它避免了对原定的结算日和条款（包括证券应计利息的计算）的潜在改变。买方在卖方交付证券之前不需向卖方支付价款，但买方仍有权收取自原始合同之日起计算的应计利息。因此，丧失交易收益的时间价值的可能性会激励卖方在结算日或结算日之后尽快交付债券。基于这些原因，我们建议监管机构修订现行的循环结算服务条款，允许结算失败的交易在新的结算日结算，而无须取消交易及重新计算应计利息。

In contrast, under the global standard adopted in key jurisdictions, settlement fails are generally not viewed as events of contractual default. It is the standard practice to address failed trades by allowing a failing seller to make delivery the next business day with original terms and conditions unchanged until the trade finally settles. For instance, a trade that fails to settle on Monday will be rescheduled on Tuesday; if it fails to settle on Wednesday, it will be settled on Thursday, etc. The global practice is preferred because it avoids potential changes to the original settlement date and terms, including the accrued interests earned on the securities. The buyer does not pay the seller until the seller delivers the securities; yet the buyer will be entitled to receive the

accrued interests calculated from the date of the original contract. Hence, the prospect of losing the time value of the transaction proceeds provides an incentive for the seller to make delivery on the settlement date or as soon as possible thereafter. For these reasons, we recommend that the Regulators amend the terms of the current Recycling Settlement Service to allow failed trades to settle on a new settlement date without the possibility of trade cancellation and the need to recalculate the accrued interests.

1.2. 关于净额结算

Clarification on Netting

由于买入和卖出交易的结算时间差异，境外资产管理人就中国债券买卖进行净额结算时经常遇到困难。在全球标准下，买入和卖出交易可以在同一日期及同一时间结算（即净额结算）。托管人通常会根据与资产管理人的合约结算协议提供净额结算服务。通过允许各方将他们的支付义务合并为单笔支付，净额结算可减少债券及衍生工具交易的信用风险。但在中国，托管人尚无法提供这种净额结算服务，从而导致从买入和卖出交易中获得收益时出现资金缺口（即便只是几个小时的资金缺口，也会造成实质性的困难）。例如，与债券交易相关的外汇交易的结算日期的规定会导致这样的资金缺口。目前，因“买入债券”而进行的“买入人民币”交易的结算日为债券结算日前一个工作日；而因“卖出债券”而进行的“卖出人民币”交易的结算日为债券交割日后的下一个工作日。这实际上是对资产管理人的预先供资要求。我们建议放宽这一限制，以尽量减少资金缺口的风险。

Foreign asset managers often incur challenges with netting settlement in the China bond market due to the settlement time difference for buy and sell transactions. In other jurisdictions, in accordance with the global standard, it is possible for both the buy and sell transactions to be settled on the same date and at the same time (“netting”). This netting service is a common service offered by custodians under their contractual settlement agreement with an asset manager. By allowing parties to combine their obligations into a single payment, netting mitigates the credit risk associated with trading bonds and derivatives. In China, custodians currently are not able to offer this netting service, which gives rise to a funding gap (which could create substantial difficulties even if it is for a few hours) between when the proceeds are received from the buy and sell transactions. For example, the provisions of the settlement date of forex transactions related to bond transactions create such a funding gap. Currently, the settlement date of “buying CNY” pertaining to “buying bond” is the business day preceding the bond settlement date. The settlement date of “selling CNY” pertaining to “selling bond” is the business day following the bond delivery date. This effectively results in a pre-funding requirement on asset managers for these transactions. We recommend that these provisions be revised in a manner that minimizes the funding gap risk.

基于上述原因，我们建议监管机构尽快采取行动，正式承认净额结算机制，并允许托管人根据与资产管理人签订的合约结算协议提供净额结算服务。此外，据了解，中国银行保险监督管理委员会（以下简称中国银保监会）已于 2020 年年初下发征求意见的通知，以明确在中国境内终止净额结算的可执行性，但该通知尚未定稿或正式发布。对于与中国境内交易对手进行衍生产品交易的境外资产管理人而言，净额结算条款尚未得到承认是其顾虑的主要风险之一。因此，我们期待中国证监会与中国银保监会共同努力尽快促使净额结算机制得以认可。

For these reasons, we recommend that the Regulators take action to formally recognize netting as soon as possible and allow custodians to provide netting service under their contractual settlement service with the asset managers. Furthermore, we understand that the China Banking and Insurance Regulatory Commission (CBIRC) has issued a draft notice to clarify enforceability of close-out netting in China in early 2020, but that this notice has not been finalized or issued. The risk of netting provisions not being recognized in China is a key concern for foreign asset managers trading derivative products with PRC onshore counterparties. We therefore urge the CSRC to work with the CBIRC to have netting be formally recognized.

2. 债券通事项

China Bond Connect Issues

2.1. 向 BCCL 提供文件的要求

Requirement to Provide Documentation to BCCL

我们建议修订债券通开户流程，仅要求境外管理人向全球托管人/分托管人提供文件。这是全球遵循（并用于内地与香港股票市场交易互联互通机制，以下简称股票通）的通常流程。现行债券通账户开立流程要求境外管理人同时与全球托管银行和债券通有限公司（简称 BCCL）协调并提供文件。这一流程效率较低，且耗费了不必要的时间。而股票通模式下仅要求境外管理人向全球托管银行/分托管人提供开立股票通账户的相关材料，无需另行向监管机构报送材料。相较于开立债券通账户，目前境外管理人开立 A 股交易账户更为容易。

We request that the Bond Connect account opening process be revised to require investment managers to provide documentation to the global custodian/sub-custodian only, which is the typical process followed globally (and used for the Stock Connect). The current Bond Connect account opening process requires the investment manager to coordinate and provide documentation to both the global custodian bank and the Bond Connect Company Limited (“BCCL”). This process is inefficient and unnecessarily time-consuming. The Stock Connect model only requires investment managers to provide documentation to the global custodian bank/sub-custodian to open a Stock Connect bank account without the need for documents to be submitted to the regulator. It is, therefore, currently significantly easier for an investment manager to open bank accounts for China equity A shares than to open Bond Connect bank accounts.

2.2. 开户时基金的资产要求

Requirement to have Fund Assets Upon Account Opening

我们建议修订债券通账户开立流程，不再要求基金拥有实际的基金资产（即资产规模金额大于零），以此获批和确定其债券通的申请。我们向会员了解到，因为开户申请获批时要求基金资产规模数额大于零，所以新成立且尚无资产的基金无法开立债券通账户。我们建议开户申请侧重于确认基金的合法存在，而不是现有管理资产的规模。

We request that the procedures for opening a Bond Connect account be revised not require that a fund have actual fund assets (in an amount greater than zero) for the Bond Connect application to be approved and finalized. We understand from our members that a newly created fund that does not yet hold assets is unable to open a Bond Connect bank account because fund assets in an amount greater than zero

continue to be required to be listed on the application for approval. We recommend that the application focus on confirming the legal existence of the fund rather than size of current assets under management.

2.3. 闲置现金的要求及套期保值限额的计算

Requirements for Idle Cash and Calculating Hedge Limits

我们建议监管机构进一步明确管理人民币闲置资金和计算套期保值限额的要求。现行的规定要求债券通投资者的境内人民币闲置现金处理和套期保值限额计算必须以“真实、合理”的方式处理，但这一点并不清晰明确。因此，在债券通下，全球托管人和/或他们的债券通分托管人对闲置人民币资金的管理和对外汇套期保值限额的设定不同，方式也不一致。这种不一致的情况使得使用多家全球托管银行的境外管理人很难遵循一套统一的方式管理闲置人民币现金和控制人民币套期保值限额。例如，一些银行使用票面价值计算人民币套期保值限额，另一些银行则使用市场价值计算人民币套期保值限额。为了解决这一问题，我们建议所有全球托管人及其分托管人统一使用市场价值计算人民币套期保值限额。利用债券的市场价值进行对冲可以让投资者最好地对冲标的债券的汇率风险，因此我们认为使用市场价值的方法更为合适。

We request that the Regulators provide further clarity regarding the management of CNY idle cash and the calculation of hedge limits. The existing regulation for handling onshore CNY idle cash and calculating hedge limits in the Bond Connect market provides that it must be handled in a “genuine and reasonable” manner, which is ambiguous. As a result, in the Bond Connect market global custodians and/or their Bond Connect sub-custodians manage idle CNY cash and set FX hedging limits differently and in an inconsistent manner. This inconsistency makes it difficult for investment managers that use multiple global custodian banks to follow a uniform set of idle CNY cash and CNY hedging control limits. For example, some banks derive CNY hedge limits using par value and other banks derive CNY hedge limits using market value. To address this issue, we recommend that market value be used in the calculation of CNY hedge limits consistently across all global custodians and their sub-custodians. We believe this approach is appropriate because hedging using market value of the China bonds allows an investor to best hedge the underlying securities’ currency risk.

3. 理顺 QFII/RQFII 渠道与债券通和 CIBM 直接入市渠道

Rationalizing the QFII/RQFII Scheme, Bond Connect and CIBM Schemes

3.1. 整合 QFII/RQFII 规则

Consolidation of QFII/RQFII Rules

3.1.1. *从同一经纪商买卖证券的要求*

Requirement to Buy and Sell a Security from the Same Broker

我们希望取消经同一经纪商买卖证券的要求。QFII/RQFII 新规取消了合格境外机构投资者可指定的证券期货经纪商的数量上限。但是，合格境外机构投资者通过某一经纪商买入的证券仍然只能通过该经纪商卖出。这实质上仍属于单个经纪商模式。

We request that the requirement that securities be purchased and sold by the same broker be removed. The new QFII/RQFII rules remove the cap on the number of securities and futures brokers which QFIIs may appoint. However, QFIIs are still required to buy and sell a security from the same broker, which, in practice, limits investors to a single broker model in substance.

3.1.2. 资金汇出复杂性 *Repatriation Complexity*

我们对放宽合格境外机构投资者在完成审计和纳税后汇出收入和资本利得的要求表示赞赏。据我们理解，目前合格境外机构投资者在向托管人提供完税承诺函后能够将其收益（扣除过往年度亏损）汇出，托管人将核查汇出金额是否符合完税承诺函所述金额。根据拟汇出金额，合格境外机构投资者可灵活选择就特定部分收益或整个期间的收益提供完税承诺函。目前尚不清楚在出具完税承诺函后，需时多久完成汇出手续。对投资中国债券且为投资者提供每日流动性的受监管基金而言，资金汇出仍是一个问题，基金担心汇出时间延长的可能性。我们希望监管机构考虑是否以及如何进一步加快和简化汇出程序。

We appreciate the relaxation of the previous provisions on the repatriation of income and capital gains by QFIIs, which required the completion of an audit and payment of tax. We understand that QFIIs are now able to repatriate their earnings, net of prior years' losses, upon the provision of a tax payment undertaking to the QFII custodian, which will check that amounts repatriated are covered by the tax payment undertaking. Depending on the amounts sought to be repatriated, QFIIs have the flexibility of electing to provide a tax payment undertaking for either a defined portion of the gains or the gains for a whole period. It is unclear how long it will take to clear the repatriation after issuance of the tax payment undertaking letter. Because repatriation remains an issue for regulated funds with daily liquidity that invest in Chinese bonds, the possibility of an extended repatriation period raises concerns. We request that the Regulators consider whether and how the repatriation process can be further expedited and simplified.

3.2. 非交易过户 *Non-trade Transfers*

我们建议监管机构允许所有入市渠道之间的非交易过户，并允许通过电子方式实时进行此类划转。中国人民银行和国家外汇管理局于 2019 年 5 月 10 日发布的《关于进一步便利境外机构投资者投资银行间债券市场有关问题的通知（征求意见稿）》中允许同一投资者将 QFII/RQFII 项下和银行间债券市场直接投资模式（以下简称 CIBM 直接准入）项下的债券和资金双向划转。根据 9 月份征求意见稿，同一投资者可以根据自身投资管理需要，将其在 QFII/RQFII 项下的债券和资金与 CIBM 直接准入项下的债券和资金之间进行双向非交易过户。尽管该通知涵盖范围更广，但似乎并未考虑与债券通账户之间的非交易过户。我们希望监管机构允许 QFII/RQFII、CIBM 直接准入与债券通项下同一机构的全部关联账户之间划转债券和资金。我们还建议简化债券非交易过户程序并提高效率，便于境外投资者将其资金或债券头寸在这些不同渠道间移转。

We recommend that the Regulators permit non-trade transfers across all of the schemes and that such transfers be performed electronically, on a real-time basis. The Circular on Further Facilitating Foreign Institutional Investors' Investment in the Interbank Bond Market (Consultation Paper) issued by the PBOC and the SAFE on May 10, 2019, allows a two-way transfer of bonds and funds under the QFII/RQFII and CIBM

Direct for the same investor. Pursuant to the September Consultation Paper, the same investor may, according to its own investment management needs, make a two-way non-trade transfer between its bonds and funds under the QFII/RQFII and the bonds and funds under the CIBM Direct. Despite being included in the Circular more broadly, it appears that non-trade transfers with Bond Connect accounts are not contemplated. We request that the Regulators allow the transfer of bonds and funds among all related accounts of QFII/RQFII, CIBM Direct and Bond Connect with respect to the same institution. We also recommend that the process for non-trade transfer of bonds be simplified and made more efficient, so that foreign investors can make their cash or bond positions fungible between these different schemes.

我们还建议监管机构参照全球标准做法允许非交易过户规则的特定例外情形，例如出现违约的情形。随着各种准入渠道开放并允许使用更多产品，将会有更多的中国资产被用作各种交易的担保品。在违约的情形下，由于根据现行非交易过户规则，在将收益给付被担保方之前，必须先出售资产。这一过程是低效的，并且可能影响这些证券在此期间的定价。制定非交易过户规则的例外规定能允许将证券无障碍地直接划转至担保权人（非违约方），而不需要在市场上清算资产。

We also recommend that the Regulators permit certain exceptions to the non-trade transfer rules, such as in the case of default, as is standard global practice. As the various access schemes open up and allow for more products to be used, there will be greater use of Chinese assets as collateral for various transactions. In the case of default, due to the existing non-trade transfer rules, the assets need to be sold before the proceeds are given to the secured party. This process is inefficient and may impact the pricing of these securities during this period. An exception to the non-trade transfer rules that would permit these securities to be transferred to the secured party (non-defaulting party) would be seamless and remove the need to liquidate assets in the market.

3.3. 延长中国外汇交易中心截止时间

Extend CFETS Cutoff Time

随着近期中国银行间债券市场交易时间延长至 20:00，我们希望监管机构延长向中国外汇交易中心申报交易的截止时间至晚于 T 日 20:00 或至 T+1 日指定时间。考虑到若错过中国外汇交易中心的截止时间，该等交易将被视为无效，我们认为延长申报交易的时间将为投资者留有余地，以确保在 CIBM 直接准入项下的交易及时适当地申报至中国外汇交易中心。

With the recent extension of CIBM trading hours to 8pm, we request that the Regulators extend the cut-off time for reporting trades to CFETS to either later than 8pm on T date or to a given time on T+1. If the CFETS cut-off time is missed, such a trade would be considered invalid. Such an extension would afford investors additional time to ensure that their transactions under Direct Access are timely and appropriately reported to CFETS.

4. 进一步发展债券回购市场，特别是已发行债券以解决流动性问题

Further Development of Bond Repo Market Especially for Off-the-run Bonds to Address Liquidity

债券回购是全球金融市场提高市场效率和流动性的一个重要组成部分。我们建议监管机构进一步发展中国债券回购市场以增强债券流动性。与新发行债券相比，已发行债券的流动性更具挑战性。主要经纪商仅出售少量的已发行债券，使得被动型基金很难复制债券指数。尽管目前富时全球政府债券指数中有 82 只中国国债，但主要经纪商仅出售不超过 20 只。此外，已发行债券的交易成本亦明显较高。据了解，新发行和已发行中国国债买卖价差之间的差异约为 5 个基点，而美国国债的相应差异平均不超过 1 个基点。基于这些理由，我们建议监管机构采取行动进一步发展中国债券回购市场，例如允许境外机构投资者参与银行间和交易所债券市场的债券回购。

Repos are a crucial component of global financial markets in increasing market efficiency and liquidity. We recommend that the Regulators further develop the Chinese repo market to enhance the liquidity of the off-the-run bonds. Compared to the on-the-run bonds in China, liquidity of off-the-run bonds is much more challenging. There are only a few off-the-run bonds offered by major brokers, making it especially difficult for passive funds to replicate the indices. Although currently there are 82 Chinese government bonds in the FTSE World Government Bond Index, major brokers are only able to offer less than 20 issues. Additionally, there is a significantly higher cost for trading off-the-run bonds. We understand that the difference of the bid-ask spreads between on-the-run and off-the-run Chinese government bonds is around 5 bps, while it is less than 1bps on average for US government bonds. For these reasons, we recommend that the Regulators take action to further develop the Chinese repo bond market, by allowing foreign institutional investors to engage in bond repos on both the interbank and exchange bond markets.

5. 税务机关有关资本利得豁免征税的正式通知

Formal Notification on Capital Gains Tax Exemption from the Tax Authority

中国人民银行在 2017 年 11 月发布的《境外商业类机构投资者进入中国银行间债券市场业务流程》中明确对于境外机构投资者交易中国债券所得收益不予征税。我们理解国家税务总局亦认可该等收益不属于来源于中国境内的所得，且实践中并未就其征收中国企业所得税。但是，我们注意到国家税务总局尚未以书面文件明确对该项收益不予征税。因此，是否相关资本利得按 10% 追溯征税存在不确定性。我们希望国家税务总局发布正式通知明确针对境外机构投资者，包括设立于与中国目前尚无税收协定的司法管辖区的机构投资者，对资本利得豁免征税。

In respect of gains derived by foreign institutional investors from the trading of China bonds, the PBOC, in their operation rule for foreign institutional investors investing in the Chinese interbank bond market issued in November 2017, expressed their view that the gains are not taxable. Although the Chinese tax authorities have taken the view that such gain is not China-sourced income and have not enforced the collection of China corporate income tax, there is nothing in writing confirming this. There is, therefore, uncertainty regarding whether retrospective taxation at a rate of 10% on the capital gains may be charged. We urge the State Administration of Taxation to issue a formal notification to clarify capital gains tax exemption measures for foreign institutional

investors, including those are who based in jurisdictions without an existing tax treaty with China.

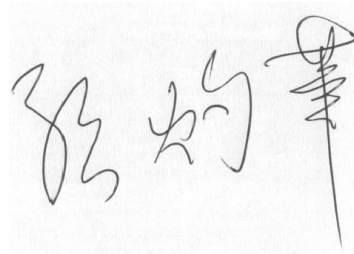
投资公司协会（环球）衷心感谢有机会向监管机构提交建议，并期待最终实施细则的发布。如果您对我们的建议有任何疑问，或需要更多信息，请随时与我联系。

ICI Global truly appreciates the opportunity to express our comments to the Regulators and look forward to the issuance of the final implementation rules. Please free feel to contact me if you have any questions regarding our recommendation or would like any additional information.

敬祝

时祺！

Sincerely,

A handwritten signature in black ink, appearing to be the Chinese characters '张灼华' (Zhang Zhuohua), written in a cursive style.

张灼华

Alexa Lam

投资公司协会（环球）亚太区行政总裁
CEO, ICI Global Asia Pacific

2020 年 11 月 26 日

26 November 2020