

Annual Review and Outlook: QFLP and QDLP as Cross-border Investment Funds (2022-2023)

Written by



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Foreword

QFLP (i.e., Qualified Foreign Limited Partnership) is a pilot scheme that serves as a channel for foreign investors to invest in China's private equity market. Through QFLP pilot scheme, foreign investors are able to participate in the establishment of foreign-invested QFLP fund managers or foreign-invested QFLP products (typically, QFLP funds). With QFLP license and quota, the QFLP products can flexibly convert the foreign investors' FX capital into RMB to participate in private equity investment in China.

QDLP (i.e., Qualified Domestic Limited Partner) and QDIE¹ (i.e., Qualified Domestic Investment Enterprise) are pilot schemes that enables an institution with QDLP/QDIE license and quota (i.e., QDLP/QDIE fund manager) to launch QDLP/QDIE funds by raising capital from qualified investors in China and invest in overseas financial markets with such capital after converting into foreign currency within the FX quota approved.

The year 2021 marks the 10th anniversary of QFLP pilot scheme.

QDLP pilot scheme has also been implemented for a decade by 2022.

QFLP and QDLP, once quite mysterious to the market, has gradually attracted more and more attention from the industry with the gradual increase of pilot regions. In addition to such global asset managers as Amundi, BlackRock and Fidelity, which continue to favor such schemes, many domestic professional investors have also started to tap into the market.

However, QFLP and QDLP are still small-scale pilot schemes so far. We can conclude that from various perspectives QFLP and QDLP businesses need to be done by constantly learning from experience and lessons of precedents and peers. For example:

- (1) It is a local pilot business. Therefore, the regulatory rules vary from place to place, and the interpretation and implementation may have some differences with the written rules.
- (2) If a manager or a product constitutes a private fund manager or a private fund under the laws of China, it also needs to comply with applicable regulatory rules.

¹ QDIE in Shenzhen are the same in nature as QDLP in other pilot regions. References to QDLP in this report refer to QDLP and QDIE unless explicitly stated otherwise.

- (3) Issues with respect to foreign exchange and cross-border RMB are the core issues of such business.
- (4) There are both differences and overlaps between QFLP/QDLP and FDI/ODI.
- (5) As a cutting-edge pilot scheme, there are many issues that need to be considered and handled in practice.

What are the developments of QFLP and QDLP in 2022? This report will introduce relevant legislative progress, policy adjustments, regulatory developments and hot events, based on the author's rich project experience.

It is important to note that this report is not intended to be a comparison of the specific provisions in different pilot regions. On the one hand, most of these rules are publicly available²; on the other hand, actual practices vary from place to place, and it is impossible for a high-level pilot rule to include all detailed aspects.

Regarding how to select QFLP and QDLP in different pilot regions, in our experience, while eligibility requirements, preferential policies and FX quotas are certainly important elements for considerations, it is also quite important to consider it in multi-dimensional perspectives (e.g., service level, business proficiency, supportive policies and convenience of FX remittance in pilot regions).

As the ancient sage, Qu Yuan, said in his article, everything has pros and cons, and no one and nothing is omniscient and omnipotent. What is most important is that what suits yourself is the best, and we should avoid simply following others.

At last, we appreciate the support to this report by CITICS Investment Services Company Limited, Beijing Private Equity Association, Shenzhen Venture Capital Association and etc.

² QFLP and QDLP policy documents in some regions are not publicly available.

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Part One Review of 2022

1. Huge Increase in the Number of QFLP Pilot Regions

In 2022, QFLP pilot regions had a huge surge, with more than 50 pilot regions in total. In addition to Municipalities, QFLP pilot regions in coastal provinces have kept increasing rapidly (e.g., newly added Changzhou in Jiangsu Province, Jiaxing in Zhejiang Province, etc.), and several pilot regions in central and western China have emerged (e.g., Anhui Free Trade Zone, Ganzhou in Jiangxi Province, Lanzhou in Gansu Province, etc.).



(Chart One: Overview of QFLP Pilot Regions)

2. Reform of FX Registration in some Regions Leads the Way to the Future

In 2022, the State Administration of Foreign Exchange (“SAFE”) carried out some pilot reforms in Lingang (a district in Shanghai), Nansha (a district in Guangzhou), Yangpu (a district in Hainan) and Beilun (a district in Ningbo).

Among others, the reform of QFLP FX registration is quite remarkable.

Balance of FX quota	Old model: Quota for each fund
	New model: Quota for the manager + free allocation between its funds
FX registration and account	Old model: FX registration by each fund + fund account for each fund
	New model: FX registration by the manager + fund account for each fund
Simplified procedures for outward remittance	Old model: Tax clearance certificate (remit during the operation of the fund) + Tax clearance certificate (remit after liquidation of the fund)
	New model: Undertaking letter (remit during the operation of the fund) + Tax clearance certificate (remit after liquidation of the fund)

(Chart Two: QFLP FX Registration Reform)

The said reform of QFLP is exactly the same as the reform of QFII and RQFII in 2020. Therefore, we can expect this reform to be extended to other QFLP pilot regions when it matures.

For example, after the four pilot regions, Beijing is also set to implement the full QFLP FX administration system mentioned above in 2022.

As for QDLP FX administration, the reform in the four pilot regions is substantially the same with the mature administrative measures and business practice in Shanghai.

3. Exempt the Filing Requirements for QFLP Products under Certain Circumstances in Certain Regions

The policies of many QFLP pilot regions require QFLP products to be filed with the Asset Management Association of China (“**AMAC**”) as QFLP funds.

However, from the perspective of private fund regulation, if there is no domestic fundraising, then a QFLP product should not be considered as a regulated private fund in China, and thus does not need to be filed with AMAC.

In 2022, some QFLP funds (mainly QFLP funds with both foreign-invested QFLP fund manager and foreign LP) encountered some difficulties in filing with AMAC.

In order to solve this problem, Shenzhen and Hainan issued relevant supplemental rules to their existing QFLP pilot rules, removing the mandatory filing requirements under certain circumstances.

Interim Measures for the Supervision and Administration of Private Investment Funds: The private investment funds hereunder shall mean those investment funds which are established within the territory of the People's Republic of China by raising funds through non-public offering from investors.

Shenzhen:

For the QFLP product established in Shenzhen, which raises funds abroad and only has foreign investors as shareholders or partners, the city does not make mandatory requirements for its filing with AMAC...

Hainan:

For QFLP product established in Hainan Province and involved only the raising of funds abroad, the province does not make mandatory requirements for its filing with AMAC...

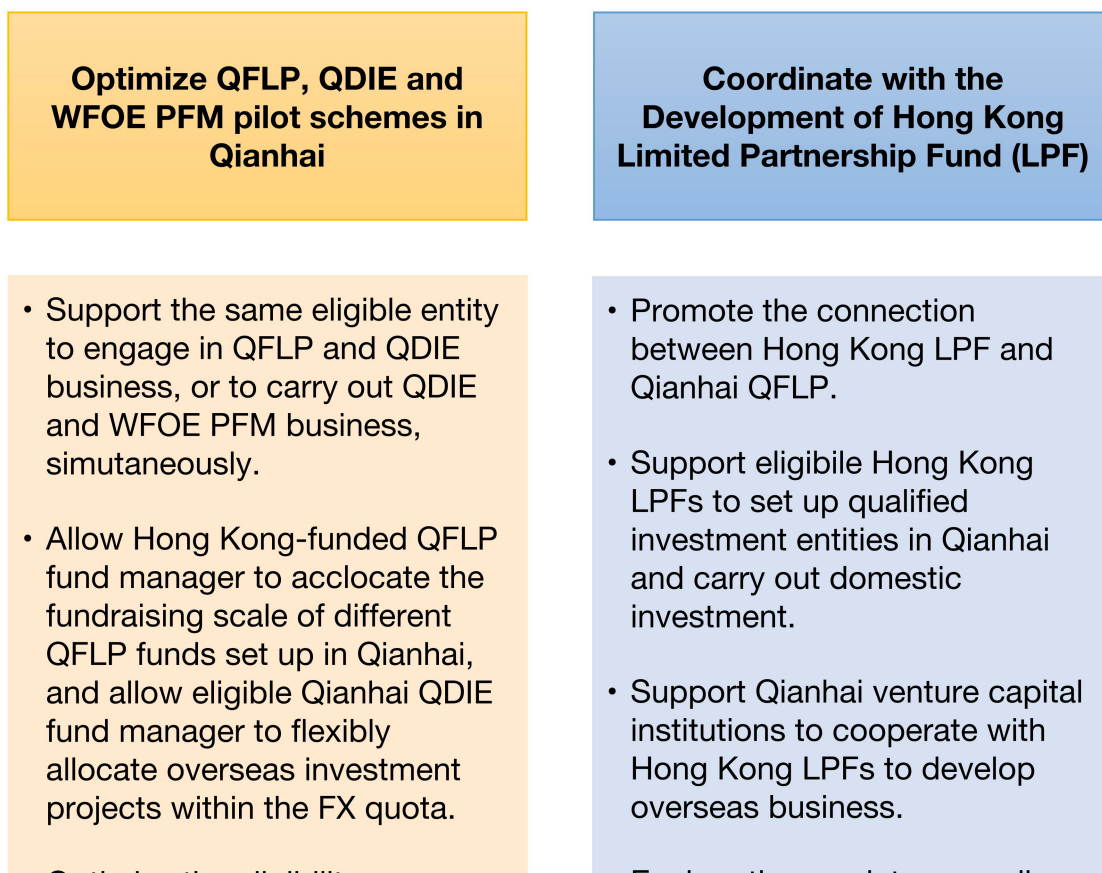
(Chart Three: Supplemental QFLP Rules in Shenzhen and Hainan)

This is basically consistent with the previous regulatory policies and practice of certain QFLP pilot regions such as Shanghai.

4. Attract Hong Kong Funds and Strengthen the Connection between QFLP Products and Hong Kong LPFs

Shenzhen is adjacent to Hong Kong and benefited a lot from the supportive policies of Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”). With Shenzhen’s unique advantages to attract Hong Kong funds, it is natural to strengthen connection.

In order to promote the venture capital development in Shenzhen and Hong Kong and the construction of international science and technology innovation center in GBA, Shenzhen and Hong Kong jointly issued a policy document.



(Chart Four: Supportive Policy for Hong Kong Funds in Qianhai)

The LPF mechanism officially launched in Hong Kong in 2020 has become a choice for more and more foreign investors. Furthermore, more and more foreign investment institutions choose to set up LPFs in Hong Kong and invest in Mainland China through QFLP scheme.

Undoubtedly, Shenzhen has followed the trend. Looking forward to the

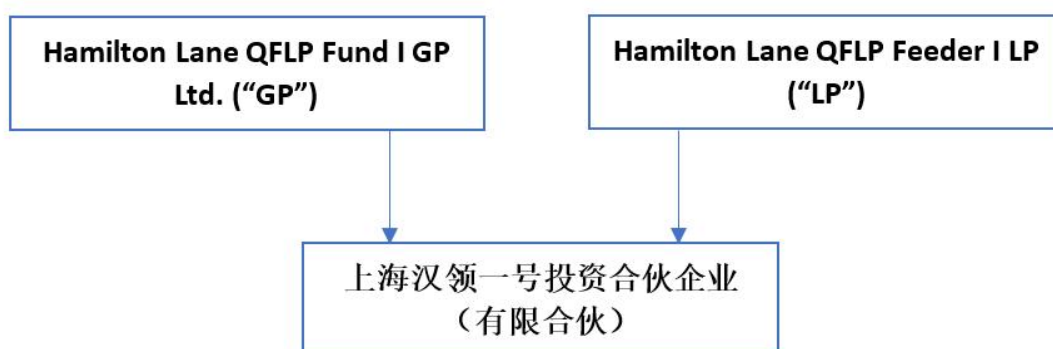
implementing rules.

5. Beijing, Shanghai and Shenzhen Encourage Connection of QFLP with S Funds and Fund Share Transfer

S funds, also known as private equity secondary market funds, are funds that acquire fund shares etc. from existing investors (LP). In 2022, Beijing, Shanghai and Shenzhen have issued relevant policies to encourage connecting QFLP with S funds.

Taking Shanghai as an example, after approval by the China Securities Regulatory Commission (“**CSRC**”) at the end of 2021 to carry out a pilot transfer of private equity and venture capital fund shares in Shanghai, relevant implementing policies have been issued.

In May 2022, Shanghai Municipal Financial Regulatory Bureau announced on its official website the latest progress of QDLP and QFLP pilot in Shanghai. Among which, Hamilton Lane became the first pilot institution in Shanghai to establish an S fund through QFLP scheme.



(Chart Five: QFLP Fund Structure of Hamilton Lane)

In September 2022, Shanghai issued a policy document to support the launch and establishment of specialized S funds in the city, and also support QFLP to explore cross-border fund share transfer business.

It is worth noting that it does not only encourage the “QFLP + S fund” strategy, but also covers the strategy of QFLP directly participating in the transfer of fund shares without setting up an S fund.

More business models are open for innovation.

6. Shanghai, Guangdong and Shenzhen Grant QDLP/QDIE Licenses to Licensed Financial Institutions

Usually, QDLP fund managers carrying out QDLP business are limited to institutions registered as private fund managers with AMAC, and QDLP products shall be set up in the form of private funds. However, some pilot regions have given public fund management companies (FMCs) and their subsidiaries the opportunity to apply for QDLP licenses.

It caused market sensation when BlackRock FMC, the first WFOE FMC in China, was granted QDLP licenses and FX quota in 2022.

#	Financial Institution	Category	Pilot Region	Approval Time
1.	CIFM	FMC	Shanghai	2015
2.	SWS MU	FMC	Shanghai	2021
3.	Ruiyuan Capital	FMC Subsidiary	Hengqin Guangdong	2021
4.	BlackRock	FMC	Shanghai	2022

(Chart Six: Financial Institutions with QDLP License)

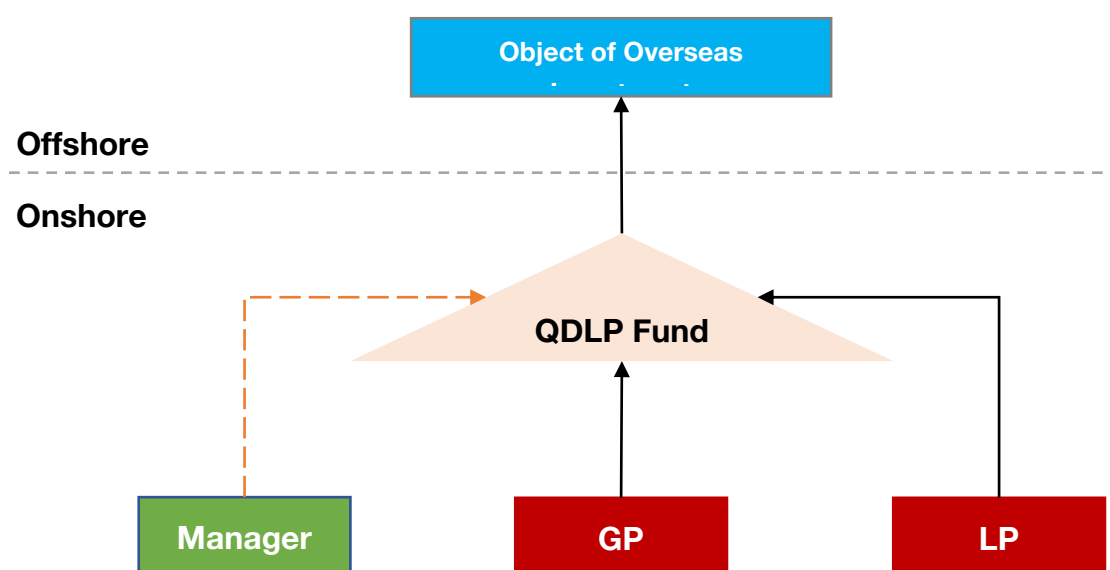
In contrast, the categories of Shenzhen QDIE fund managers and QDIE products are more diversified, and relevant rules clearly allow FMCs and their subsidiaries and other specially accredited institutions to apply for QDIE license.

In 2022, a circular of the National Development and Reform Commission (“**NDRC**”) even recommended the above-mentioned Shenzhen innovation to the whole country.

In 2022, there are new financial institutions that have obtained QDIE licenses and FX quotas in Shenzhen.

7. ODI Procedures in QDLP Projects: To Be or Not to Be

In 2021, it confused many people whether ODI procedures are required in QDLP projects. In this regard, according to the business guidelines issued by NDRC in September 2021, if an investment entity carries out overseas investment through QDII, QDLP or QDIE and the relevant investment activities are defined as overseas investment under Article 2 of its Decree NO. 11, the investment entity shall follow the Decree 11 and go through relevant ODI procedures.



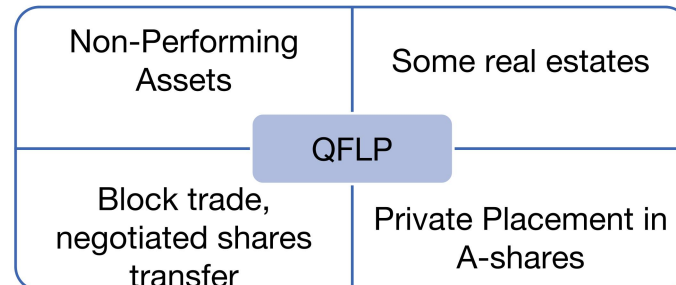
(Chart Seven: Structure of QDLP Fund in the Form of LLP)

After the guidelines were made public, people in the industry have not yet reached a unified view on which party is the “investment entity” with ODI obligations (investor or QDLP fund manager), whether the QDLP fund constitutes an “enterprise” (QDLP funds in the form of contractual funds may not be considered as an enterprise as defined in Decree NO. 11), etc. In practice, we rely on the regulatory guidance by competent authorities in the pilot regions.

Therefore, in 2022, QDLP fund managers to launch private equity QDLP funds communicated a lot with different regulators.

8. Opportunities and Challenges of QFLP Investing in Certain Areas

In 2022, QFLP continues to explore new investment areas beyond private equity investments.



(Chart Eight: New Investment Areas of QFLP)

As early as 2015, Hony Capital participated in the private placement of A-shares of Jinjiang International Hotels through QFLP.

In 2022, a circular of NDRC promoted the innovative initiatives of Shenzhen QFLP funds investing in A-shares through block trade and negotiated shares transfer to the whole country.

However, compared with QFII and RQFII, there are still not many cases of foreign investors participating in A-share private placement through QFLP.

The investment in non-performing assets (NPL) has been explicitly brought into investment scope in the regulatory policies of some QFLP pilot regions (e.g., Beijing) in recent years, some pilot regions have expressed oral support and approved some projects (e.g., Shanghai), and some other pilot regions have also indicated the feasibility. In 2022, a few QFLP pilot regions, in addition to Shanghai, have made substantial progress in this regard.

In the pilot areas where QFLP funds must file with AMAC, QFLP funds may face some obstacles in investing in NPL. For example, according to applicable CSRC rules, private funds are much restricted from making debt investments other than CIBM or Exchange traded bonds. In contrast, if QFLP funds that meet certain conditions are not required to be filed as private funds with AMAC, their investments in NPL are not subject to these restrictions.

9. Measures on QFLP and QDLP during the Pandemic of Covid-19

In 2022, Shenzhen, Shanghai, Wuxi and some other regions took measures to speed up QDLP and QFLP approvals, changing the approval method (e.g., offline to online), or extending the validity of the FX quota. It is particularly necessary given the impact of the pandemic of covid-19.

Shanghai (QFLP, QDLP)

- Continue to review application for QFLP and QDLP license and additional FX quota, by improving online reviews during the pandemic.
- QDLP FX quota validity can be automatically extended for six months if such period and the city's epidemic time overlapped.

Qianhai Shenzhen (QFLP, QDIE)

- Optimize the eligibility requirements and application procedure.
- Complete decision-making process within 10 business days.

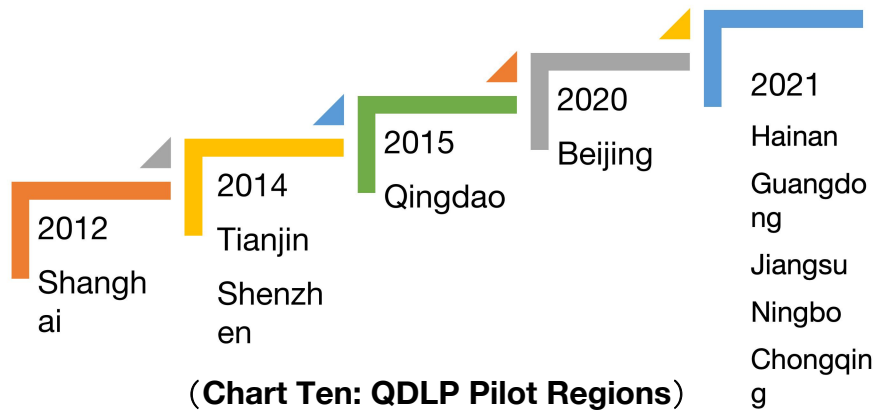
Wuxi (QFLP)

- It will kick start the decision-making procedure immediately when there is an applicant.
- It will take Wuxi about two weeks to go through the decision-making procedure.

(Chart Nine: Local Facilitation Measures)

10. QDLP Business Slowed Down Slightly but Made a Lot of Progress

After several new QDLP pilot regions emerged in 2021, there have been no additional pilot regions so far in 2022.



Although it developed not fast, many pilot regions have made progress with new QDLP and QDIE pilot institutions. Some were granted QDLP license or FX quota (e.g., Thornburg in Shanghai, Yuekai Capital in Guangdong), some completed QDLP private fund manager registration with AMAC (e.g. Yide Investment in Chongqing, iFast in Shanghai, KKR and Gaoteng in Hainan), and some filed new QDLP funds with AMAC (e.g. Oriza Zhongshan in Jiangsu).

According to the statement made by SAFE at the press conference of the State Council Information Office on January 21, 2022, administration on QDLP investment operation and management should be improved, while optimizing fund raising, exchange and investment management of QFLP. We can conclude from such speech that the investment, operation and management of QDLP need to be done in a more professional and prudent way by sticking to applicable regulatory rules.

In addition, it is noteworthy that other QDLP business-related authorities also made comments or took actions³ with respect to the development of QDLP in 2022.

³ This report does not comment on this.



Part Two Outlook for 2023

1. Speed up Top-level System Design on QFLP and QDLP

In 2020, regulators revealed for the first time that cross-border investment management through QFLP and QDLP will usher in a new top-level system design.

In 2022, horizontally comparing the pilot QFLP and QDLP FX rules in the four pilot regions authorized by SAFE, we can find that the rules are substantially the same. This is an important step taken by SAFE towards a nationwide top-level system design.

In 2023, it is likely that the above rules will be further extended to other QFLP and QDLP pilot regions.

In addition, relevant market players also welcome further regulatory rules (with more details) by CSRC and AMAC on QFLP and QDLP fund manager registration and fund filing, and further regulatory rules (with more details) by NDRC on ODI related issues.

We remain optimistic about the overall development of QFLP and QDLP. In 2022, relevant financial regulators more than once made statements to support QFLP and QDLP business development.

For example, several regulators jointly issued an overall plan to promote innovations of cross-border financing and investment in the Yangtze River Delta region on November 21, 2022, which supports overseas-sponsored private funds to invest in the equities of domestic science and innovation enterprises through QFLP, and supports eligible domestic institutions to participate in mergers and acquisitions of overseas science and innovation enterprises through QDLP and other pilot schemes.

2. Mature Services that Meet Market Demands

QFLP and QDLP business has been carried out in China for ten years. With all the experience, financial regulators and other relevant authorities, whether at the national level (e.g., AMAC) or local level (e.g., local financial supervision authority), have been more and more familiar with QFLP and QDLP.

Taking Lujiazui Financial City and Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen as examples, many of their staff are familiar with QFLP and QDLP, and their services have been highly appreciated by many applicants.

The fund and financial services providers (including custodians, fund administrators, lawyers, accountants, etc.) have also made significant progress in their professional services in this business area.

The AML and KYC services, electronic contract services, tax services and other services by fund administrators are much more mature in China nowadays. And practical solutions have been worked out on how to cooperate with the fund managers/administrators of the overseas funds to be invested by QDLP funds in terms of AML, which can well meet the needs of overseas fund managers.

Lawyers and accountants who are familiar with the compliance culture, risk control, business concerns, operation flow and usual practice of global asset managers, and understand the product structure, operation and management of overseas funds, can help overseas fund managers and investment institutions better grasp and adapt to the regulatory rules and business practice in China, facilitating their faster and smoother business operation in China.

3. QFLP: Develop Rapidly

Since the issuance of the *Foreign Investment Law of the People's Republic of China* in 2019, China has released a series of policies to promote foreign investment one after another. In this context, it is a general trend to attract funds from qualified foreign investors to invest in China.

Therefore, we expect the QFLP business to continue to develop rapidly in 2023.

Firstly, QFLP pilot regions are expected to expand. Taking Shandong Province as an example, on May 23, 2022, it issued a notice on accelerating the pilot work of QFLP, clearly proposing the expansion of the QFLP pilot regions to all of the 16 cities in the province. The QFLP implementing measures of each city in Shandong province have been and are expected to continue to be issued one by one.

Secondly, the eligibility requirements for QFLP in some pilot regions are expected to be lowered. On the one hand, new pilot regions will grasp this trend when releasing their QFLP policies, as Nansha New District in Guangzhou did in 2022; on the other hand, existing pilot regions may follow this trend when revising their QFLP policies in due course.

Thirdly, the investment scope of QFLP funds is expected to be moderately broadened. Further to the traditional investment in primary equity market, more pilot regions are expected to explore investment in private placement of A-shares, NPL and other areas.

Finally, based on the experience of FX registration reform of QFLP in the four pilot regions, other QFLP pilot regions are expected to advance such reforms as well, thereby further strengthening the convenience of investment by foreign institutions.

In addition, the detailed implementing policies on promoting QFLP business cooperation between Qianhai and Hong Kong (e.g., connecting Hong Kong LPF with Qianhai QFLP) are also noteworthy.

4. QDLP: Make Progress in a Steady Pace

In 2020 and 2021, SAFE steadily granted additional QDII quotas to applicants, confirming the previous statement of SAFE on normalizing it. In 2022, the speed of releasing additional QDII and QDLP quotas by SAFE was slightly reduced.

We expect the QDLP business to continue to grow healthily in 2023.

The supply of QDLP and QDIE FX quotas is expected to remain guaranteed. Many of the pilot regions (e.g., Guangdong, Beijing and Shenzhen) still have sufficient FX quotas and welcome applications.

The regulatory rules of QDLP and QDIE business are expected to be further optimized and adjusted. Compared with QFLP business, QDLP and QDIE business is not widely carried out in China, and the pilot history is not long except for Shanghai and Shenzhen. Therefore, the relevant authorities may still continue to evaluate and adjust the rules of QDLP and QDIE business, and fully take advantage of the rich experiences and lessons learned in Shanghai and Shenzhen (especially Shanghai).



Part Three Appendix

Appendix One: List of Policy Documents on QFLP

Pilot Regions		Regulations ⁴
Beijing		<i>Interim Measures on the Pilot Program of Qualified Foreign Limited Partnership in Beijing</i>
Shanghai		<i>Measures on Implementation of the Pilot Project of Foreign-invested Equity Investment Enterprises in Shanghai</i>
Chongqing		<i>Opinions on the Pilot Project of Foreign-invested Equity Investment Enterprises in Chongqing</i>
Tianjin		<i>Interim Measures on the Pilot Project of Overseas Investment Funds in Tianjin</i>
Shandong	Other regions	<i>Letter on Promoting Pilot Project of Qualified Foreign Limited Partner</i>
	Qingdao	<i>Guidelines on Promoting Development of Foreign-invested Equity Investment Enterprises in Qingdao (for Trial Implementation)</i>
	Yantai	<i>Guidelines on Promoting Development of Foreign-invested Equity Investment Enterprises in China (Shandong) Yantai Area of Pilot Free Trade Zone (for Trial Implementation)</i>
	Weihai	<i>Interim Measures on Promoting Pilot Project of Qualified Foreign Limited Partner in Weihai</i>
	Ji'nan	<i>Guidelines on Promoting Development of Foreign-invested Equity Investment Enterprises in Ji'nan (for Trial Implementation)</i>
	Weifang	<i>Circular on Promoting Pilot Project of Qualified Foreign Limited Partner</i>
	Ji'ning	<i>Interim Measures on Domestic Equity Investment of Qualified Foreign Limited Partner in Ji'ning</i>
Zhejiang	Other	<i>Reply Letter of the People's Government of</i>

⁴ Please note:

- (1) The draft of certain areas has not been officially issued, but has been implemented by reference; the draft of certain areas is only a draft for comments. The policy of certain areas has not been repealed, but the practice has been discontinued; the practice in certain areas is no longer limited to the provisions of the policy. The report will not remark one by one on different situations.
- (2) Most of the pilot areas' policies are publicly available; a small number of pilot regions' policies are not publicly released. For assistance, you can contact your local financial bureau, commerce authorities, etc., or contact us for consultation.
- (3) Many pilot regions have formulated relevant implementation rules or operational guidelines for the approval process and operation requirements of QFLP business. Since their nature varies (some are official documents, some are not), they are not listed in this report.

Pilot Regions		Regulations ⁴
	regions	<i>Zhejiang Province General Office on Approving Wenzhou and Other City to Launch Pilot Project of Qualified Foreign Limited Partner</i>
	Jiashan	<i>Implementation Measures on Foreign-invested Equity Investment Enterprises in Jiashan (for Trial Implementation)</i>
	Jiaxing	<i>Interim Measures on the Pilot Project of Qualified Foreign Limited Partner in Jiaxing</i>
	Wenzhou	<i>Interim Measures on the Pilot Project of Qualified Foreign Limited Partner in Wenzhou (Draft for Comments)</i>
	Ningbo	<i>Implementation Measures on Pilot Project of Foreign-invested Equity Investment Enterprises (for Trial Implementation)</i>
	Yiwu	<i>Interim Measures on Domestic Investment of the Qualified Foreign Limited Partners in Yiwu</i>
	Hangzhou	<i>Interim Measures on Pilot of Qualified Foreign Limited Partners</i>
	Zhoushan	<i>Interim Measures on Domestic Investment of Qualified Foreign Limited Partners in China (Zhejiang) Zhoushan Area of Pilot Free Trade Zone</i>
Guangdong	Shenzhen	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises</i>
	Zhuhai	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Zhuhai</i>
	Hengqin	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Hengqin (for Trial Implementation)</i>
	Guangzhou	<i>Guidelines on Promoting Development of Foreign-invested Equity Investment Enterprises in Guangzhou</i>
	Nansha Guangzhou	<i>Interim Measures on Domestic Investment of Qualified Foreign Limited Partners in Nansha Area of Guangdong Pilot Free Trade Zone</i>
	Foshan	<i>Guidelines on Promoting Development of Foreign-invested Equity Investment Enterprises in Foshan (for Trial Implementation)</i>
	Dongguan	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Dongguan</i>
	Jiangmen	<i>Guidelines on Promoting Development of Foreign-invested Equity Investment Enterprises in Jiangmen (for Trial Implementation)</i>
	Zhaoqing	<i>Guidelines on Promoting Development of Foreign-invested Equity Investment Enterprises in Zhaoqing</i>

Pilot Regions		Regulations ⁴
	Zhongshan	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Zhongshan</i>
Guizhou	Guiyang	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Guizhou</i>
Jiangsu	Suzhou	<i>Measures on Pilot of Foreign-invested Equity Investment Enterprises in Suzhou Industrial Park</i>
		<i>Measures on Pilot of Foreign-invested Equity Investment Enterprises in Suzhou High-tech Park</i>
	Kunshan	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Kunshan</i>
	Nanjing	<i>Interim Measures on Pilot of Qualified Foreign Limited Partners in Nanjing Area of Pilot Free Trade Zone</i>
	Lianyungang	<i>Interim Measures on Pilot of Qualified Foreign Limited Partners in Lianyungang Area of Pilot Free Trade Zone</i>
	Wuxi	<i>Measures on Pilot of Foreign-invested Equity Investment Enterprises in Wuxi</i>
	Yangzhou	<i>Measures on Pilot of Foreign-invested Equity Investment Enterprises in Yangzhou</i>
	Changzhou	<i>Measures on Pilot of Foreign-invested Equity Investment Enterprises in Changzhou</i>
FuJian	Pingtan	<i>Measures on Pilot of Foreign-invested Equity Investment Enterprises (for Trial Implementation)</i>
	Xiamen	<i>Circular on Issuance of Guidelines to Promote the Development of Foreign-invested Equity Investment Funds of Xiamen Local Financial Regulation Bureau (for Trial Implementation)</i>
	Fuzhou	<i>Interim Measures on Pilot of Qualified Foreign Limited Partners in Fuzhou Area of Pilot Free Trade Zone</i>
Liaoning	Shenyang	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in China (Liaoning) Shenyang Area of Pilot Free Trade Zone</i>
	Dalian	<i>Measures on Pilot of Foreign-invested Equity Investment Enterprises in China (Liaoning) Dalian Area of Pilot Free Trade Zone</i>
Hainan	Whole province	<i>Interim Measures on Pilot of Domestic Equity Investment of Qualified Foreign Limited Partners in Hainan</i>
Guangxi	Nanning	<i>Interim Measures on Promoting Development of Foreign-invested Equity Investment Enterprises in China (Guangxi) Nanning Area of Pilot Free Trade Zone</i>
	Qinzhou	<i>Interim Measures on Promoting Development of</i>

Pilot Regions		Regulations ⁴
		<i>Foreign-invested Equity Investment Enterprises of China (Guangxi) Qinzhou Port Area Management Committee of Pilot Free Trade Zone</i>
Hubei	Wuhan	<i>Implementation Measures on Pilot Project of Foreign-invested Equity Investment Enterprises in Wuhan (for Trial Implementation) (Draft for Comments)</i>
Hebei	Xiong'an	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Xiong'an Hebei</i>
Sichuan	Chengdu	<i>Interim Measures on Pilot of Domestic Equity Investment of Qualified Foreign Limited Partners in Chengdu</i>
Jiangxi	Ganzhou	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Ganzhou Economic Development Zone</i>
Anhui	Free trade zone	<i>Interim Measures on Pilot of Domestic Equity Investment of Qualified Foreign Limited Partners in Anhui Pilot Free Trade Zone</i>
Shannxi	Free trade zone	<i>Interim Measures on Pilot of Domestic Equity Investment of Qualified Foreign Limited Partners in Shannxi Pilot Free Trade Zone (Draft for Comments)</i>
Lanzhou	Lanzhou	<i>Interim Measures on Pilot of Foreign-invested Equity Investment Enterprises in Lanzhou High-tech Park</i>

Appendix Two: List of Policy Documents on QDLP

Pilot Regions	Regulations ⁵
Shanghai	<i>Implementation Measures on the Pilot Project of Qualified Domestic Limited Partnership in Shanghai</i> ⁶
Beijing	<i>Interim Measures on Pilot Project of Overseas Investment of Qualified Domestic Limited Partner in Beijing</i> <i>Rules for Implementing the Interim Measures on Pilot Project of Overseas Investment of Qualified Domestic Limited Partner in Beijing</i>
Shenzhen	<i>Interim Measures on Pilot Project of Overseas Investment of Qualified Domestic Investment Enterprise in Shenzhen</i>
Guangdong (except Shenzhen)	<i>Interim Measures on Pilot Project of Overseas Investment of Qualified Domestic Limited Partner in Guangdong</i>
Hainan	<i>Interim Measures on Pilot Project of Overseas Investment of Qualified Domestic Limited Partner in Hainan</i>
Jiangsu	<i>Interim Measures on Pilot Project of Overseas Investment of Qualified Domestic Limited Partner in Jiangsu</i> <i>Rules for Implementing the Interim Measures on Pilot Project of Overseas Investment of Qualified Domestic Limited Partner in Guangdong</i>
Chongqing	<i>Interim Measures on Pilot Project of Overseas Investment of Qualified Domestic Limited Partner in Chongqing</i>
Qingdao	<i>Guidelines on Pilot Project of Overseas Investment of Qualified Domestic Limited Partner in Qingdao</i>
Tianjin	<i>Implementation Measures on Pilot Project of Overseas</i>

⁵ Please note:

- (1) The draft of certain areas has not been officially issued, but has been implemented by reference; the draft of certain areas is only a draft for comments. The policy of certain areas has not been repealed, but the practice has been discontinued; the practice in certain areas is no longer limited to the provisions of the policy. The report will not remark one by one on different situations.
- (2) Most of the pilot areas' policies are publicly available; a small number of pilot regions' policies are not publicly released. For assistance, you can contact your local financial bureau, commerce authorities, etc., or contact us for consultation.
- (3) Many pilot regions have formulated relevant implementation rules or operational guidelines for the approval process and operation requirements of QDLP business. Since their nature varies (some are official documents, some are not), they are not listed in this report.

⁶ Revised in 2017

Pilot Regions	Regulations⁵
	<i>Investment Fund in Tianjin</i>
Ningbo	<i>Implementation Measures on Pilot Project of Qualified Domestic Limited Partner in Ningbo (for Trial Implementation)</i>

Merits & Tree Law Offices and its Investment Funds Team

Investment Funds Business of Merits & Tree Law Offices

<p>Business Introduction</p> <p>Lawyers of Merits & Tree Law Offices (“Merits & Tree”) have served many well-known domestic and international financial institutions, private/public fund managers, professional investors, government-guided funds and corporate clients.</p> <p>With professional legal skills, good business insight and innovative legal service, Merits & Tree is able to provide one-stop legal solutions of fund business for clients. At present, Merits & Tree has assisted clients in setting up funds in a wide range of sectors, especially in life sciences and healthcare, TMT, consumer goods and retail, new energy and materials, industrial and high-tech manufacturing, military industry, aerospace and etc.</p>	
<p>Business Scope</p> <ul style="list-style-type: none"> ✓ Registration and major change of private fund managers ✓ Establishment and acquisition of FMC ✓ Raising, establishment and filing of RMB funds ✓ Raising and establishment of USD funds ✓ Registration of retail funds ✓ Cross-broader funds: QFII, QDII, QFLP, QDLP and etc., ✓ Internal control ✓ Management of funds after investment ✓ Liquidation of funds ✓ Compliance and dispute resolution ✓ Retainer service 	<p>Honors and awards</p> <p>IFLR1000</p> <ul style="list-style-type: none"> ✓ 2020 Investment Funds <p>IFLR1000 China</p> <ul style="list-style-type: none"> ✓ 2022 Investment Funds <p>Legal 500 Asia Pacific</p> <ul style="list-style-type: none"> ✓ 2022 Investment Funds <p>LEGALBAND</p> <ul style="list-style-type: none"> ✓ 2018-2022 Top Ranked Law Firms (Investment Funds - Band One)

Introduction of Merits & Tree

Implementing an “integrated” management and operation system and expanding appropriately, Merits & Tree has become a comprehensive law firm with six offices in Beijing, Shanghai, Shenzhen, Wuhan, Zhuhai and Haikou, with more than 100 partners and more than 450 associates.

Offices in Hong Kong SAR and other cities are in the preparation.

Introduction of the Author



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Eric Zou is a partner of Merits & Tree, and he once worked at Llinks Law Offices and Jingtian & Gongcheng as counsel and partner, respectively.

With over 12 years' experience, Eric is an expert in the practice area of investment funds, asset management and financial business, and has handled many innovative and cutting-edge deals that are the first case or one of the first cases in the market, including but not limited to 1st foreign controlled retail fund manager, 1st contractual QDLP fund, 1st investment WFOE set up by a global asset manager in Shanghai Free Trade Zone, 1st QDIE product, 1st QDLP fund manager in Beijing and Hainan.

Eric has rich experience in working for private fund managers, retail fund managers, wealth management companies and various other types of asset managers in China, has advised many clients on establishment of financial institutions and registration of private fund managers with AMAC, and is a veteran in such cross-border businesses as QFII, RQFII, QDII, RQDII, QFLP, QDLP, QDIE, WFOE PFM, overseas investment of insurance funds and mutual recognition of funds between mainland China and Hong Kong.

Eric advises financial regulators and self-regulatory organizations both at home and abroad, and his observations have often been quoted by Financial Times and Ignites Asia etc.

Eric was awarded Rising Star (40 under 40) (2021) by China Business Law Journal, Investment Funds: Recommended Lawyer (China) by The Legal 500 Asia Pacific 2022, and CLECSS Top 10 Elite Young Lawyers (2022).

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