



Enhancements to the
Mutual Recognition of
Funds (MRF) scheme
between the
Chinese Mainland and
Hong Kong SAR

Enhancements to the Mutual Recognition of Funds (MRF) scheme between the Chinese Mainland and Hong Kong SAR

Background

On 17 December 2024, the China Securities Regulatory Commission (CSRC) announced enhancements to the Mutual Recognition of Funds (MRF) scheme between the Chinese Mainland and Hong Kong in the revised [Provisions on the Administration of Recognised Hong Kong Funds](#) which became effective on 1 January 2025. Following this announcement, the Securities and Futures Commission (SFC) also published a revised [Circular on MRF between the Mainland and Hong Kong](#).

To recap, the MRF scheme between the Chinese Mainland and Hong Kong was jointly launched in 2015, by the CSRC and the SFC. The scheme enables eligible Hong Kong domiciled funds to be distributed in the Chinese Mainland (Northbound) and eligible Chinese domiciled funds to be distributed in Hong Kong (Southbound). The MRF scheme has established a framework for regulatory cooperation on cross-border fund offerings, broadening investment channels and choices for investors in the Chinese Mainland and Hong Kong. Additionally, the MRF scheme has empowered asset managers to expand their distribution reach and broaden their addressable market.

Key changes

Recent enhancements include the following:

- **The relaxation of a sales cap for Hong Kong domiciled funds sold in the Chinese Mainland from 50% to 80% (effectively an additional 300%) and vice versa.** In particular, this will enable greater fundraising potential for Hong Kong-domiciled products and increase their maximum potential sales value in the Chinese Mainland market by three times.

Before enhancement	After enhancement
If a Hong Kong-domiciled fund with USD 100 million in assets is approved for distribution, it could only raise an additional USD 100 million in assets from Mainland investors.	If a Hong Kong-domiciled fund with USD 100 million in assets is approved for distribution, it will be permitted to raise an additional USD 400 million in assets from Mainland investors.

- **Asset managers are now able to delegate the investment management function of the funds to overseas affiliates in the same group.** This allows asset managers to leverage on their global investment expertise and teams to offer a broader suite of products to investors.
- **Additional categories of mutual funds may be considered for inclusion within the scheme's scope,** potentially broadening the range of investment options available to participants.

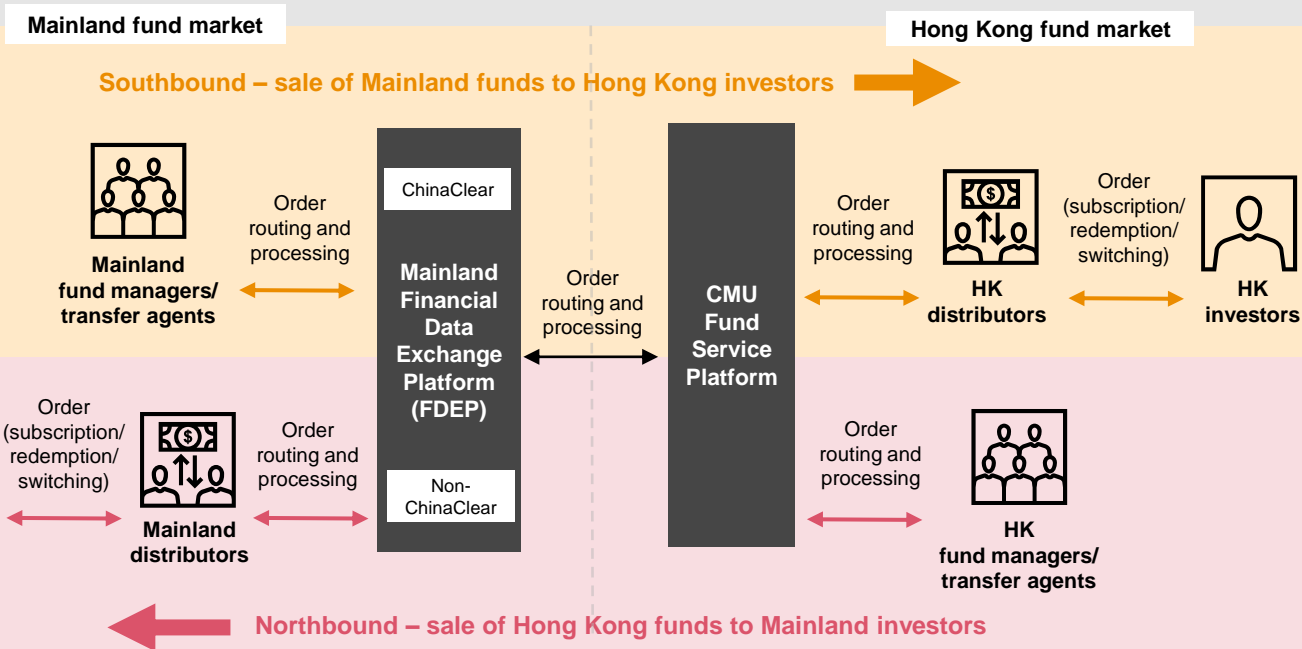
The recent enhancements significantly reinvigorate the MRF scheme, boosting Hong Kong's role as a super connector by further enabling Chinese Mainland investors to access global investment opportunities more effectively. Generally, Chinese Mainland investors have had a relatively limited range of investment options, often concentrated in domestic assets. However, an increasing appreciation for diversification has driven a growing desire for more international investment exposure. The MRF scheme provides one of the avenues through which they can achieve this.

Fundamentals to consider

As at 30 November 2024, 43 Mainland funds were authorised and 41 Hong Kong funds were approved under the MRF scheme. The cumulative net subscriptions amounted to about RMB 41.5 billion (~USD 5.72 billion) for Hong Kong funds and about RMB 882.8 million (~USD 121.83 million) for Mainland funds. **To participate in the MRF scheme, industry players must conform to specific eligibility requirements, application procedures, and operational and regulatory arrangements outlined by the CSRC and the SFC.**

Additionally, the regulators have established a cooperative mechanism for cross-border regulation and enforcement to ensure robust investor protection for both Chinese Mainland and Hong Kong investors.

High level business flow



Source: [Central Moneymarkets Unit \(CMU\)](#)

Successfully distributing funds across borders requires more than just a strong brand name and fund performance. Asset managers must consider several fundamentals when exploring MRF opportunities, including achieving quick and efficient fund registration and adapting to different tax, regulatory, and fund distribution environments.

Investor preferences	Do you understand the mindsets of investors outside your jurisdiction?
Market entry	Have you considered your value proposition given the competitive fund landscape?
Product	Are you aware of the current investment products that are in demand?
Distribution	How will you work with distributors and other third parties?
Stakeholder engagement	Are you aligning firm strategy with the regulatory imperatives?
Regulatory	Do you have a holistic overview of the ever-evolving regulatory landscape?
Audit and Tax	How do audit procedures and tax filing obligations differ once your fund is registered?



Please reach out to any of the partners below for more information.

Marie-Anne Kong

Hong Kong Asset & Wealth Management
Leader
PwC Hong Kong
+852 2289 2707
marie-anne.kong@hk.pwc.com

Ni Qing

Chinese Mainland Asset & Wealth Management
Leader
PwC China
+86 (10) 6533 2599
qing.ni@cn.pwc.com

Rex Ho

Asia Pacific Financial Services Tax Leader and
Hong Kong Asset & Wealth Management Tax Leader
PwC Hong Kong
+852 2289 3026
rex.ho@hk.pwc.com

Oliver Kang

Chinese Mainland North Financial Services Tax
Leader
PwC China
+86 (10) 6533 3012
oliver.j.kang@cn.pwc.com

Julie Chan

Hong Kong Asset & Wealth Management
Consulting Leader
PwC Hong Kong
+852 2289 2432
julie.py.chan@hk.pwc.com

www.pwchk.com

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2025 PricewaterhouseCoopers Limited. All rights reserved. PwC refers to the Hong Kong member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.