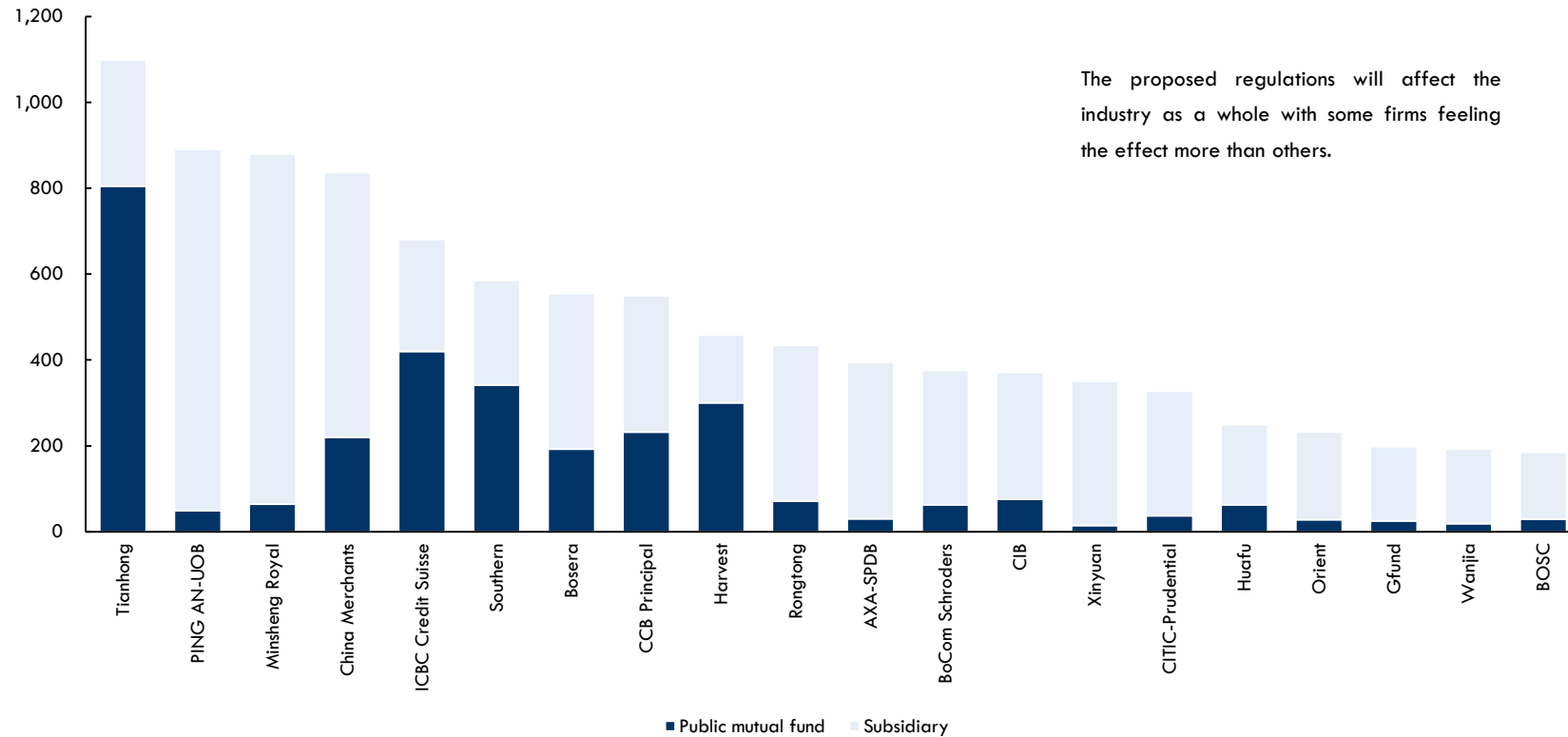


CSRC pumps the brakes on FMC subs

CSRC's FMC subsidiary draft rules have been reported. The regulator appears to be making a concerted move to tame loan and channel business being conducted by fund management companies via their subsidiaries. As it stands, most FMC subsidiaries would not meet the proposed capital requirements. However, this is only one facet of what is a broader structural realignment of the industry that will affect future product types and business lines. Foreign firms need to engage their domestic JV partners to ascertain where they stand in light of these proposed reforms but, more importantly, decide what will be required from the JV relationship in the immediate future.

AUM composition for subsidiary business top 20, 1Q16* (RMB bn)



*This ranking does not include parent SA business.

Source: Z-Ben Advisors, AMAC