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DAIJI PRIME NEWS

## Chinese Regulator Grants QFII Status to Two Taiwanese Fund Managers



2010/11/02

Taipei, Nov. 2, 2010 (CENS)—Fubon Investment Trust and Capital Investment Trust have become the first two Taiwanese financial institutions gaining the quota for direct investment in the Chinese securities market as qualified foreign institutional investors (QFII), according to the website of China Securities Journal.

It takes only eight months for the two companies to obtain the quota, half the time under the normal condition, thanks to the special treatment granted by the Chinese government in the cross-Taiwan Strait Economic Cooperation Framework Agreement (ECFA). Foreign institutional investors must first apply with China Securities Regulatory Commission (CSRC) for the QFII status before requesting securities investment quota from the State Administration of Foreign Exchange (SAFE).

Lin Hung-li, president of Fubon Investment Trust, noted that the company will plan the issuance of A stock-based exchange traded fund (ETF) after the Taiwanese regulator raises the investment ceiling in China's A stocks, now set at 10% of their fund value.

A number of other domestic financial institutions are still awaiting the approval by the Chinese regulator of their applications for the QFII status, including Yuanta, Polaris, and Cathay.

Officials of Fubon Investment Trust and Capital Investment Trust, however, reported that they have yet to receive a definite reply from the Chinese regulator to their applications for investment quota in the Chinese market, set at US\$200 million and US\$100 million, respectively.

The Chinese regulator approved US\$1.05 billion of investment quota for QFIIs in total in the first half this year, boosting the accumulated investment quota for QFIIs to US\$17.72 billion. Over 50 foreign investors are still waiting for the approval of their applications for the QFII status.

On the other hand, four of China's qualified domestic institutional investors (QDII) have been approved by the Taiwanese regulator to invest in Taiwanese stocks but one has been revoked of its qualification, after failing to remit investment fund into the island over one month after the deadline.

(by Philip Liu)

