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HSBC facilitates the launch of new ETFs under China-Japan ETF Connectivity scheme

HSBC announced today it has successfully facilitated the listing of two new cross-border exchange traded funds (ETF) under the China-Japan ETF Connectivity, which continues to gain momentum for the two-way connectivity between China and overseas capital markets. International investors will be able to indirectly invest in Chinese assets through feeder ETFs listed on Tokyo Stock Exchange (TSE), to capture the growth opportunities of Guangdong-Hong Kong-Macau Greater Bay Area (GBA) and China's fast-growing technology industry.

HSBC has provided onshore Qualified Foreign Institutional Investors (QFII) custody services to facilitate **Daiwa Asset Management Co. Ltd** (Daiwa AM) to set up its two new China Japan Connectivity ETFs, and process the listing and trades starting from today.

Daiwa AM **iFreeETF China GBA100**'s debut in Japan marks the first overseas-listed Shenzhen Stock Exchange (SZSE) ETF, tracking the **SZSE GBA100 Index** and enabling offshore investors to effectively participate in the GBA's economic development.

Daiwa AM managed **iFreeETF China STAR50**, as the first overseas-traded STAR50 ETF in Asia, tracks the Shanghai Stock Exchange (SSE) Science and Technology Innovation Board 50 Index (**the STAR 50 Index**), covering the fast growing high-tech companies in China. It's the second batch of ETF added to SSE and Japan Exchange's joint ETF connectivity started in 2019.

Chikako Nagahara, Head of Markets & Securities Services in Japan said, "Japanese and other global investors can now indirectly invest in Chinese assets through feeder ETFs listed on the Tokyo Stock Exchange, helping them capture the growing number of opportunities arising from the Guangdong-Hong Kong-Macau Greater Bay Area and China's fast-growing technology industry.

"As this marks the first time for connection between the Japan Exchange and the Shenzhen ETF market, we hope it will serve to attract new Japanese investors in the future."

Since China-Japan ETF Connectivity rolled out in 2019, HSBC has served as the QFII custodian for three of the five Japanese asset managers participating in the scheme. HSBC is the leading custody services provider to QFII in China, covering 15 markets, and has actively participated in the reforms and upgrades of the scheme since its launch in 2003. Under new QFII rules taking effect in 2020, HSBC facilitated market-firsts including the first batch of securities lending transactions,

the first onshore private fund investment and the first batch of short selling transactions by offshore investors in mainland China via the QFII scheme.

Notes to editors:

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,984bn at 31 December 2020, HSBC is one of the world's largest banking and financial services organisations.

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