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China Financials | Asia Pacific

No need to worry about broad-based tightening on financial investment flow to Hong Kong

MORGAN STANLEY ASIA LIMITED+

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CHINA FINANCIALS

Asia Pacific

Industry View **Attractive**

Key Takeaways

- We think the recent regulatory tightening focuses on cross-border investment account and trading...
- ...without broadening the impact on normal bank account and insurance sales channels.
- Nor do we see broader implications from tightening cross-border flows, which some investors are concerned about.
- We view any such potential tightening of cross-border flows as unnecessary amid healthy FX inflows and RMB appreciation.
- We actually see potentially gradual further broadening of regulated cross-border investment programs over time.

We think both HK SFC and HKMA's focus is on a clean-up of fraudulent investment accounts without targeting normal investment accounts and bank account opening. According to latest SFC circular, open investment accounts with mainland customers are still allowed in HK if some additional requirements are met.

Some smaller cap names might be impacted, due to low liquidity, as mainland investors trim portfolios in anticipation that they will no longer be able to place trades from onshore. On this, we think HK SFC is aligned with CSRC's requirements.

The potential impact on market liquidity could be dampened by expanding official channels, such as Stock, Bond and Wealth Connect, as well as QDII.

We don't think the recent policy change is mainly targeting cross-border flows, especially as RMB has been appreciating recently, and the PBOC has actually been withdrawing onshore liquidity to balance the increased money inflows.

Related report: Futu Holdings Ltd: Addressing Investor Questions On Latest Regulatory Change (24 May 2026)

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/29/2026)
Chiyao Huang		
China International Capital Corp. Ltd. (3908.HK)	O (02/28/2025)	HK$19.62
China Merchants Securities Co Ltd (600999.SS)	U (09/29/2022)	Rmb16.99
China Merchants Securities Co Ltd (6099.HK)	U (10/29/2024)	HK$14.64
CITIC Securities Co. (6030.HK)	E (10/29/2024)	HK$26.04
CITIC Securities Co. (600030.SS)	O (08/07/2025)	Rmb26.05
East Money Information Co Ltd (300059.SZ)	E (09/19/2025)	Rmb19.16
Futu Holdings Ltd (FUTU.O)	O (11/18/2024)	US$104.91
Galaxy Securities (6881.HK)	E (02/27/2020)	HK$7.76
Galaxy Securities (601881.SS)	U (09/29/2022)	Rmb12.28
GF Securities (000776.SZ)	E (08/07/2025)	Rmb18.89
GF Securities (1776.HK)	E (01/06/2023)	HK$16.15
HTSC (601688.SS)	E (09/23/2024)	Rmb18.18

HTSC (6886.HK)	E (09/23/2024)	HK$15.85
Richard Xu, CFA		
Agricultural Bank of China Limited (601288.SS)	E (05/07/2019)	Rmb6.32
Agricultural Bank of China Limited (1288.HK)	O (10/19/2020)	HK$5.77
Bairong Inc. (6608.HK)	E (09/09/2025)	HK$5.43
Bank of Beijing Co Ltd (601169.SS)	E (08/17/2022)	Rmb5.09
Bank of Chengdu Co Ltd (601838.SS)	O (08/17/2022)	Rmb18.60
Bank of China Limited (601988.SS)	E (05/07/2019)	Rmb5.86
Bank of China Limited (3988.HK)	O (01/10/2020)	HK$5.21
Bank of Communications (3328.HK)	U (05/20/2022)	HK$7.30
Bank of Communications (601328.SS)	U (09/05/2014)	Rmb6.66
Bank of Hangzhou Co Ltd (600926.SS)	E (08/17/2022)	Rmb16.01
Bank of Ningbo Co. Ltd (002142.SZ)	O (08/17/2022)	Rmb31.03
China CITIC Bank Corporation Limited (601998.SS)	E (04/16/2025)	Rmb7.42
China CITIC Bank Corporation Limited (0998.HK)	O (04/16/2025)	HK$7.29
China Construction Bank Corp. (0939.HK)	O (10/11/2012)	HK$8.49
China Construction Bank Corp. (601939.SS)	E (05/07/2019)	Rmb9.96
China Everbright Bank Co Ltd (6818.HK)	U (05/12/2023)	HK$3.05
China Everbright Bank Co Ltd (601818.SS)	U (05/20/2022)	Rmb3.10
China Merchants Bank (600036.SS)	O (01/07/2019)	Rmb38.01
China Merchants Bank (3968.HK)	O (09/20/2018)	HK$47.10
China Minsheng Banking Corp. (600016.SS)	O (08/28/2025)	Rmb3.55
China Minsheng Banking Corp. (1988.HK)	O (05/12/2023)	HK$3.36
Chongqing Rural Commercial Bank (3618.HK)	U (05/12/2023)	HK$6.36
Hua Xia Bank (600015.SS)	U (06/30/2015)	Rmb6.71
Industrial and Commercial Bank of China (1398.HK)	O (08/09/2013)	HK$6.64
Industrial and Commercial Bank of China (601398.SS)	E (09/19/2022)	Rmb7.22
Industrial Bank Co. Ltd. (601166.SS)	O (02/25/2019)	Rmb18.50
Lufax (LU.N)		US$1.65
Ping An Bank (000001.SZ)	O (05/07/2019)	Rmb10.93
Postal Savings Bank of China Co Ltd (1658.HK)	O (11/01/2016)	HK$5.02
Qifu Technology Inc (QFIN.O)	O (08/25/2020)	US$15.37
Shanghai Pudong Development Bank (600000.SS)	E (08/05/2025)	Rmb9.37

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