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Revolutionizing and Innovating: Key Highlights of Tianjin Binhai QFLP Pilot Scheme New Regulations（天津滨海 QFLP 试点新规）

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As the largest coastal open city in northern China, Tianjin is one of the first batch of Qualified Foreign Limited Partner (QFLP) pilot cities. For a long time after the launch of the QFLP pilot policy, the primary regulatory framework governing the implementation of the Tianjin QFLP Pilot Scheme was the "Interim Measures for the Pilot Scheme of Foreign-invested Equity Investment Enterprises and their Management Institutions in Tianjin" (《关于本市开展外商投资股权投资企业及其管理机构试点工作的暂行办法》), issued in October 2011. After more than a decade of development, foreign investors have increasingly sought more diversified and flexible investment methods and structures when allocating capital to Chinese assets. Against this backdrop, and on the basis of analysis of past experience in implementing the QFLP pilot policy, Tianjin Binhai New Area (天津滨海新区) — as a national-level new area and a crucial strategic hub for the coordinated development of Beijing-Tianjin-Hebei region — promulgated the "Tianjin Binhai New Area Qualified Foreign Limited Partner (QFLP) Pilot Scheme Measures" (《天津滨海新区合格境外有限合伙人试点办法》) ("**New Regulations**") on April 6, 2025. The New Regulations aim to further optimize the foreign investment environment, enhance financial openness in the region, and encourage and guide QFLPs in developing equity investment and the venture capital (VC) funds market. The New Regulations cover five development zones in the Tianjin Binhai New Area, including the Tianjin Economic and Technological Development Zone (天津经济技术开发区), the Tianjin Port Free Trade Zone (天津港保税区), the Tianjin Binhai High-tech Industrial Development Zone (天津滨海高新技术产业开发区), the Tianjin Dongjiang Comprehensive Free Trade Zone (天津东疆综合保税区) and the Sino-Singapore Tianjin Eco-city (中新天津生态城). With a focus on being "more open, more flexible and more efficient", the New Regulations have introduced several innovative measures, offering foreign capital a new pathway to participate in China's equity investment market.

I. Key Highlights of the New Regulations

Following the release of the New Regulations, we conducted an in-depth review and briefly summarize the five key policy highlights as follows:

New Regulations	Key Highlights
1. "Low threshold" for sponsors/initiators – foreign institutions may apply directly Article 3 stipulates that "Pilot funds shall in principle be sponsored and established by pilot fund management enterprises, existing private fund management enterprises recognized by each development zone, or other qualified enterprises."	• Applications may be initiated by newly established managers, existing managers, and foreign institutions. • The sponsor/initiator is not required to be established in Tianjin. • If the QFLP fund does not raise capital domestically and is entirely funded by foreign sources, foreign institutions can directly act as sponsors and apply for QFLP status.
2. Differentiated treatment for domestic and foreign fund-raising – defined filing scope Article 5 stipulates that "pilot funds with non-public fundraising from domestic qualified investors shall comply with the 'Regulations on the Supervision and Administration of Private Investment Funds' (《私募投资基金监督管理条例》), as well as relevant regulations on private investments funds and AMAC filing requirements, issued by the China Securities Regulatory Commission (CSRC) and the Asset management Association of China (AMAC). Pilot funds with fundraising from foreign investors shall comply with the regulatory requirements of the relevant authorities in the foreign investor's jurisdiction."	• If a QFLP fund is fully funded by foreign investors and does not engage in domestic fundraising, it is not required to comply with China's domestic private fund filing procedures. • Article 5 is consistent with AMAC's requirements and regulatory stance on private fund filing. • Article 5 significantly reduces compliance costs for wholly foreign-funded QFLP structures investing in China and enhances flexibility for foreign investors.
3. Expanded fund structures – breakthroughs for contractual funds (契约型基金) Article 4 stipulates that "Pilot funds generally adopt the partnership structure and comply with the provision of 'Partnership Enterprise Law of the People's Republic of China' (《中华人民共和国合伙企业法》); if the pilot fund adopts a corporation structure or contractual structure, it shall be implemented in accordance with the New Regulations."	• Article 4 permits contractual funds without entity support as an eligible structure. • If a contractual fund structure is adopted, the domestic private fund manager must act as the entity to apply for and sponsor the fund. • When a contractual fund makes external investments, the State Administration for Industry and Commerce of the People's Republic of China (SAIC) （工商确权） will recognize, in the confirmation of rights, that the private fund manager of the contractual funds is the portfolio company's nominal shareholder.

4. Broader investment scope – coverage of diverse asset classes Article 13 stipulates that "QFLP Pilot Fund may, according to laws and regulations, (1) invest in equity of unlisted companies; (2) invest in non-publicly issued and traded ordinary shares of listed companies (including new shares in private placement, block trade, transfer by agreement, etc.), preferred shares convertible to ordinary shares, debt-to-equity swaps and convertible bonds, and participate in a listed company's rights offering as an existing shareholder; (3) make mezzanine investment, invest in private placement bonds (私募债), distressed assets (不良资产), and community liabilities in bankruptcy restructurings (破产重整共益债); (4) conduct business through Fund of Funds (FOF) structures investing in domestic private equity investment funds, venture capital funds, and real estate private equity funds; (5) provide management consulting services to portfolio companies; and (6) conduct other related businesses approved by the relevant qualification authorities or the registration authorities.	• Article 13 innovatively expands the investment scope of the QFLP Pilot Fund to cover: (i) mezzanine investment, private placement bonds, distressed assets, and community liabilities in bankruptcy restructurings; and (ii) real estate private investment funds through FOF structures. • Article 13 facilitates the introduction of foreign capital to support the economic recovery of the financial industry, the real estate industry, and other industries throughout China. • Article 13 provides channels for foreign capital to invest in: (i) domestic distressed assets, including non-performing bank loans and non-performing debt issued by non-banking financial institutions; and (ii) special opportunity investment, for example, to provide liquidity support to enterprises facing debt pressure through mezzanine investments and private placement bonds. This change will enrich the methods for disposing of distressed assets of domestic financial institutions, broaden methods to reduce enterprise debt risk, and revitalize financial institution non-performing assets and reduce financial industry risks. • In domestic bankruptcy restructurings, the emerging investment category of "community liabilities" (共益债) is commonly seen in the bankruptcy restructuring of "distressed real estate projects" (房地产烂尾项目). Historically, participation in these investments has been limited, as community liabilities are classified as "non-standard" (非标项目) debt investments with a restricted pool of eligible investors. By expanding the QFLP Pilot Fund's investment scope to include community liabilities, the New Regulations significantly broaden the investor base for this asset class, which will enhance the application of community liability investment models (共益债投资模式) in real estate and other industries undergoing bankruptcy restructuring, reduce overall restructuring costs and protect creditor rights.
5. "Year-round acceptance + one-week fast review" – efficient administrative examination and approval process Article 7 stipulates that "the QFLP Pilot Scheme shall be jointly promoted by: Binhai New Area Commerce and Investment Promotion Bureau ("**District Commerce and Investment Promotion Bureau（区商务和投促局）**"), the Binhai New Area Finance Bureau, the Binhai New Area Market Supervision Bureau, and the China (Tianjin) Pilot Free Trade Zone Policy and Industrial Innovation Development Bureau (中国（天津）自由贸易试验区政策与产业创新发展局) ("**Innovation Development Bureau**"). The management committees of each development zone (各开发区管委会) are responsible for establishing a review and recognition mechanism, accrediting pilot enterprises, and issuing pilot qualification documents. And the market supervision department of each development zone shall process the enterprise registration in accordance with the law. Applications are accepted year round". Article 8(I) further stipulates that the examination and approval authorities of the development zones shall, in principle, reply to enterprises within 5 working days after submission of all application documents. Article 10 stipulates that "development zones are encouraged to establish dedicated service teams to provide comprehensive on-the-spot services to pilot enterprises, facilitating industrial upgrades and innovative development."	• A weekly joint review meeting is expected to be held to examine QFLP pilot applications received in the previous week. • In principle, an approval will be granted or follow-up comments on the application materials will be provided within 5 working days after receipt of complete application documents. • This efficient process reflects a service-oriented government approach, with dedicated service teams providing on-the-spot services for applicants.

II. Policy Impact of and Future Outlook for the New Regulations

Several groundbreaking provisions in the New Regulations provide a major boost for foreign capital investment in China. These changes not only allow foreign investors to utilize pure offshore structures to deploy capital into China without being constrained by domestic fundraising filing requirements but also expand the investment scope through the Tianjin Binhai QFLP Pilot Fund (天津滨海 QFLP 试点基金), which will encourage foreign investors to unlock more value of existing domestic assets.

However, some provisions of the New Regulations remain principle-based or framework-oriented, such as the specific application requirements for Tianjin Binhai QFLP Pilot Fund, which is structured as a contractual fund, and the detailed documentary requirements and procedures for the QFLP Pilot Scheme. We hope that the Tianjin Binhai New Area will soon issue operational guidelines on these and other matters to facilitate the smooth implementation of the New Regulations.

III. Conclusion

Over the past decade, we have been pleased to observe that various QFLP pilot cities have continuously refined their policies based on practical experience and evolving market conditions. The New Regulations serve as an excellent example of this evolution, directly providing greater regulatory support and flexibility on key pain points for foreign investors entering China—such as low entry efficiency, excessive investment restrictions, and inflexible investment structures. We believe that the New Regulations could reshape the QFLP pilot framework and become a national benchmark.

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