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An important milestone for private credit in Asia

ACC NEWSLETTER: July 2026

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The ACC has been a longstanding advocate for regulatory change in the APAC region to support the growth of private credit. One area of importance in this regard has been the treatment of carried interest in Hong Kong, where local authorities are moving to finalise long-awaited reforms.

A key element of the package is reform of Hong Kong's carried interest tax concession. The regime, introduced in 2021, provides profits tax and salaries tax concessions for eligible carried interest distributed by private equity funds operating in Hong Kong. However, the conditions attached to the treatment were too restrictive, meaning that many managers were unable to benefit from the regime or found it difficult or impractical to do so.

The proposed reforms should largely remove those barriers, making the treatment more accessible in practice. Importantly, the changes are expected to apply retrospectively to eligible receipts from 1 April 2025. This should provide greater certainty and improve the attractiveness of Hong Kong as a location for investment professionals and fund management activity.

The concession will also be extended to receipts from performance fees. This is an important development which broadens the relevance of the regime beyond private equity, potentially benefitting managers across a wider range of investment strategies. There remain practical questions about how the rules will apply in more complex fund structures, including the treatment of performance fee allocations linked to realised and unrealised gains within multi-manager portfolios. This is an area where we have requested further guidance to help members apply the new rules with confidence.

While the carried interest changes have attracted the most attention, the proposed reforms to Hong Kong's fund tax exemption are also highly significant. The exemption will be broadened so that a wider range of entities can qualify. The range of qualifying investments will also be expanded, supporting a wider set of investment strategies.

For ACC members, one of the most important outcomes is that it will be clear that private credit falls within the scope of the fund tax exemption. This is a welcome clarification and reflects the growing importance of private credit within institutional portfolios and the wider financing ecosystem.

We welcome the implementation of these reforms which we have championed for many years, including more than a decade of engagement on the fund tax exemption. These changes demonstrate the value of consistent, evidence-based advocacy and close dialogue between policymakers and industry.

We would like to thank members for their continued support, technical input and engagement throughout this process. Member feedback has been essential in helping to identify practical barriers, explain how the rules operate in real-world fund structures and make the case for a more effective and competitive regime. These reforms are a positive step for Hong Kong and for the managers who use it as a regional and global asset management hub. Please contact me if you'd like to know more about these reforms or our work supporting private credit in Asia.

Kind regards,
Nicholas Smith
Managing Director, Private Credit
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LATEST FROM ACC

ACC launches new Quarterly Market Update, providing a regular, evidence-based assessment of conditions across private credit loan portfolios. Read the Quarterly Market Update here.

ACC is collecting responses to its 2026 Financing the Economy survey. Complete the survey here.

FINANCING THE ECONOMY PODCAST

Latest episodes:

Ep. 20. Asset-Based Lending in the Innovation Economy

In this episode of the Financing the Economy podcast, Sam Koslover and Nick Smith speaks with Matthias Dux, Co-Founder and Managing Partner of Avellinia Capital, to explore how asset-based can support growing companies, the evolving range of assets being financed and how technology and structuring are helping specialist lenders scale this part of the private credit market.

Ep. 19. Inside Australia's Private Credit Market

In this episode of the Financing the Economy podcast, Sam Koslover and Nick Smith speak with Joe Millward, Founding Partner at Epsilon Direct Lending, to explore the evolution of the Australian private credit market.

MARKET NEWS

Bank of England publishes scenario for private market stress test
On 19 June, Bank of England published the stress scenario it will use within the private markets system-wide exploratory scenario. The ACC supports the aims of the Bank of England's Private Market SWES exercise... **READ MORE**

ASIC comments on valuation
On 18 June, the Australian Securities and Investments Commission (ASIC) published a note to the Australian private credit sector regarding the sector's 30 June asset valuations and reporting. ASIC highlighted that the sector is facing its first real test at a global level, particularly around liquidity, emerging borrower stress and signs of credit **deterioration...** READ MORE

European Parliament draft report on IORP II review

The European Parliament has published its draft report on the revision of the Institutions for Occupational Retirement Provision Directive (IORP II review). Please find the draft attached. It was prepared by MEP Damian Boeselager (Greens, DE). The draft report follows the European Commission's original proposal in November 2025....**READ MORE**

EU Markets Integration & Supervision Package (MISP)
On 15 June, the ECON Committee in the European Parliament published the 3 draft reports on the Market Integration and Supervision Package (MISP) consisting of: (i) the report on the Master Regulation (prepared by Markus Ferber - EPP, Germany), (ii) the report on the Master Directive (prepared by Eero Heinäluoma, S&D, Finland), and (iii) the

report on the settlement finality Directive (prepared by Giovanni Crosetto, Italy, ECR)....**READ MORE**

FCA issues first Emerging Technology Horizon Scan 2026

On 10 June 2026, the UK's Financial Conduct Authority (FCA) published its first Emerging Technology Horizon Scan 2026. The report explores three plausible future scenarios illustrating how emerging technologies may converge to reshape financial markets. It also identifies early indicators of potential risks that could arise as these technologies mature and become more widely adopted....**READ MORE**

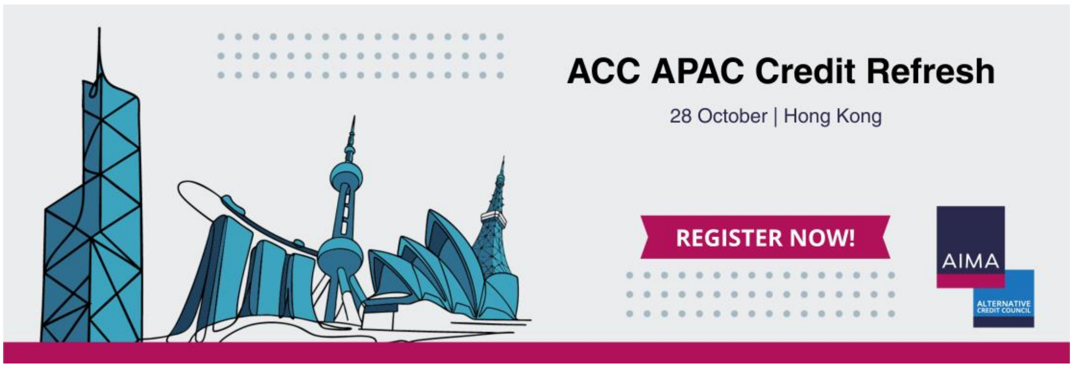
EVENTS

To view all upcoming events, click here.

Alternative Credit Council Global Summit 2026

Date: 7 October 2026

Venue: 133 Houndsditch, London EC3A 7DB



ACC APAC Credit Refresh

Date: 28 October 2026

Venue: Hong Kong

[ACC Private Credit Investor Forum 2026]

Date: 15 September 2026

Venue: Sydney

Virtual events are open to international audiences and playback will be made available to members after the event takes place. To view all upcoming virtual events, click here.

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