

LCQ17: Consolidating Hong Kong's status as international financial centre

Following is a question by the Hon Robert Lee and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (June 18):

Question:

There are views that Hong Kong should continue to consolidate and enhance the development of an international financial centre, further dovetail with the national development strategies, expand various mutual access mechanisms, and enhance Hong Kong's functions in the overall development of the country, so as to attract more Mainland and international capital to Hong Kong. In this connection, will the Government inform this Council:

(1) as some members of the industry have relayed that at present, under the Cross-boundary Wealth Management Connect (WMC) in the Guangdong-Hong Kong-Macao Greater Bay Area, products under the Southbound Scheme cannot be directly promoted in the Mainland by Hong Kong financial institutions, and products under the Northbound Scheme cannot be directly promoted in Hong Kong by Mainland financial institutions, whether the authorities will discuss with Mainland regulators enhancement measures on cross-boundary sales and promotion, so as to enable practitioners in both places to fully launch their businesses;

(2) as it is learnt that under the existing arrangements for mutual recognition of professional qualifications with the Mainland, Hong Kong practitioners holding the relevant licences of the Hong Kong Securities and Futures Commission are still required to pass the examination on relevant Mainland laws and regulations before they are allowed to practise in the Mainland, whether the authorities will further discuss with the Mainland regulators to explore the streamlining or exemption of the examination on relevant laws and regulations, so as to facilitate Hong Kong practitioners to develop their business in the Mainland;

(3) given the views relayed by some members of the industry, whether the authorities can expand the scope of investment products under the WMC Scheme, including providing additional investment options other than those with low or medium risk, including but not limited to alternative investments or private equity funds, so as to meet the diversified risk management needs of both Mainland and overseas investors; and

(4) as it has been mentioned in this year's Budget that the Government will actively enhance the mutual market access mechanism with the Mainland,

including the plan for the issuance of offshore Mainland government bond futures in Hong Kong, and implementing block trading of stocks as soon as possible, what measures the authorities have in place to further improve market liquidity and facilitate market transactions when exploring further expansion initiatives in the future?

Reply:

President,

Hong Kong has been actively leveraging our unique advantages under the "one country, two systems" principle, with the support of our motherland and our connectivity to the world. We have proactively aligned with national strategies such as the 14th Five-Year Plan, the Belt and Road Initiative, and the development of the Guangdong-Hong Kong-Macao Greater Bay Area, with an aim to promoting deeper integration with the Mainland financial markets and to fully capitalising on the opportunities brought by our country's development. In consultation with the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC), my reply to the various parts of the question is as follows:

(1) and (3) Cross-boundary Wealth Management Connect (WMC) in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) provides GBA residents with a formal, direct and convenient channel for cross-boundary investment in diverse wealth management products and marks a milestone in the financial development of the GBA.

WMC has seen continuous and steady development since its launch in September 2021. "WMC 2.0" commenced in February 2024. Enhancement measures include increasing the individual investor quota from RMB1 million to RMB3 million, lowering the threshold for participating in the Southbound Scheme to support more GBA residents to participate in the scheme, expanding the scope of participating institutions to include eligible securities firms, expanding the scope of eligible investment products, and further enhancing the promotion and sales arrangements.

In terms of sales and promotion, taking banks as an example, enhanced promotion and sales arrangements were introduced last year under the Southbound Scheme. After obtaining written consent from a Southbound Scheme client, the Hong Kong bank concerned could proactively introduce products and relevant information that align with the client's risk appetite during that sales promotion process. This not only simplifies the sales process of the relevant institutions but also allows Southbound Scheme investors to more conveniently access the needed product information and professional guidance.

In June 2025, we also jointly implemented with relevant Mainland financial regulatory authorities a "Tri-party Online Meeting" sales arrangement. Under this arrangement, at the request of a Southbound Scheme client, a Mainland bank may assist him/her at its Mainland branch to set up a tri-party online dialogue or video conference with a Hong Kong bank in relation to the Southbound Scheme services. During such meeting,

representative(s) from the Hong Kong bank can introduce eligible wealth management products under the Southbound Scheme to the Southbound Scheme client. This arrangement provides Southbound Scheme investors with a convenient online channel to learn about relevant Hong Kong wealth management products and is also expected to enhance the convenience of sales and communication for local banks.

Furthermore, we are committed to further enhancing the range of investment products under the "WMC 2.0" policy framework. For example, in the area of funds, since the launch of "WMC 2.0", the number of eligible public funds under the Southbound Scheme has increased from around 160 in end-2023 to 358 by the end of March 2025, thereby strengthening the range of products available. We will continue to review the operation of "WMC 2.0" under the principles of controllable risk and adequate investor protection, and work with relevant Mainland regulatory authorities to explore the feasibility of further optimisation and expansion of WMC.

As an innovative financial co-operation measure in the GBA involving three different regulatory systems, WMC has been implemented under a pilot approach in a gradual and incremental manner. Since the implementation of "WMC 2.0", operations have been smooth, with a significant increase in the number of investors and amount of cross-boundary fund remittances. According to statistics from the People's Bank of China, up to end-April 2025, over 154 200 individual investors in the GBA participated in WMC, with cross-boundary fund remittances (including Guangdong, Hong Kong, and Macao) amounting to over RMB112.2 billion had been recorded. The Government and the financial regulators will continue to monitor market developments and the operation of WMC, collaborate with the Mainland regulatory authorities and the industry to explore room for further enhancement.

(2) Regarding mutual recognition of financial professional qualifications with the Mainland, the SFC and the China Securities Regulatory Commission have implemented an arrangement for mutual recognition of professional qualifications for the securities and futures sector, and simplified the relevant procedures for obtaining securities practising registration and applying for the futures or fund practising qualifications in the Mainland. Hong Kong professionals with relevant licence issued by the SFC only need to pass the Mainland's examination on the relevant laws and regulations; and the examination on the foundation paper is not required.

For the banking sector, the Hong Kong Institute of Bankers (HKIB) and the China Banking Association (CBA) signed the Memorandum of Understanding on Mutual Recognition of Personal Wealth Management Qualification Certificates in 2009, officially launching the mutual recognition mechanism. Subsequently, the two sides signed addendums twice to improve the relevant arrangements. The CBA, the China Bankers Institute and the HKIB signed Addendum III in 2022 to ensure eligible practitioners can obtain the Associate Retail Wealth Professional (ARWP) professional qualification issued by the HKIB. Under the Agreement, financial practitioners from the Mainland and Hong Kong can obtain "dual qualifications" (Level 1 of Qualification Certificate of Banking Professional and ARWP) through the mutual recognition mechanism.

We will continue to examine enhancement measures with Mainland regulatory authorities to explore ways of broadening Hong Kong professionals' entry into the Mainland market, thereby increasing the flexibility in the provision of human capital for the Mainland and Hong Kong markets.

(4) The Government, together with financial regulatory authorities, is actively working with relevant Mainland authorities to advance the inclusion of the Renminbi counters under the Southbound Trading of Stock Connect, introduction of block trading, and the expansion of mutual-market access regime to cover Real Estate Investment Trusts (REITs), with a view to attracting and facilitating greater participation in Hong Kong's securities market and enhancing market liquidity. We will continue discussions with Mainland counterparts on further expansion and optimisation of the financial market connectivity schemes. This will better meet the needs of domestic and overseas investors for cross-market and diversified asset allocation, supporting the healthy integration and development of the Mainland and Hong Kong capital markets.