

SFST's opening remarks on financial services at LegCo Finance Committee special meeting

Following is the English translation of the opening remarks by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the special meeting of the Legislative Council Finance Committee (LegCo) today (April 16), on the estimates of expenditure for financial services and the key areas of work:

Chairman and Honourable Members,

I will briefly introduce the estimates of expenditure for financial services and our key areas of work in 2024-25.

Estimates of expenditure

The allocation to the Financial Services Branch (FSB) and departments under its purview for 2024-25 is about \$2.1 billion, representing an increase of about \$0.621 billion over the revised estimate of last year. This is mainly due to the increased cash flow requirements of the eMPF Platform project and "funding for promoting and facilitating the development of the financial services sector" under FSB's general non-recurrent account, as well as the additional provision for the preparation of the 2026 Population Census by the Census and Statistics Department.

Key areas of Work

In the coming year, our work will focus on four main areas, namely, consolidating Hong Kong's status as an international financial centre, promoting high-quality development, bolstering confidence, and developing digital economy.

(A) On consolidating Hong Kong's position as an international financial centre, we will continue to expand the capacity and scope of mutual market access. This covers our current proactive discussion with the relevant Mainland authorities on the introduction of block trading, inclusion of RMB counters in the Stock Connect, and expansion of the mutual-market access regime to cover real estate investment trusts.

At the same time, we are stepping up efforts in respect of asset and wealth management, including extending the Grant Scheme for Open-ended Fund Companies and Real Estate Investment Trusts for three years, providing tax concessions for single family offices, and hosting the Wealth for Good in Hong Kong Summit to attract family offices to set foot in Hong Kong. The New Capital Investment Entrant Scheme launched from March 1 this year has also been receiving desirable responses.

We will press ahead with the development of an offshore Renminbi (RMB) ecosystem, encourage institutions to provide more offshore RMB products and risk-management tools and carry out RMB financing in Hong Kong. We will also develop the Central Moneymarkets Unit (CMU) into Asia's major international central securities depository platform.

Besides, we will issue \$120 billion worth of bond in 2024-25 under the Infrastructure Bond Programme and Government Sustainable Bond Programme, of which \$70 billion will be retail tranche that includes \$50 billion worth of Silver Bond and \$20 billion worth of retail bonds. This will not only promote the development of financial inclusion, but also better manage the cashflow needs of infrastructure projects.

(B) On high-quality development, we will further consolidate Hong Kong's status as a green and sustainable finance hub. We published in end-March this year a Vision Statement to set out the vision and approach of the Government and financial regulators in developing a comprehensive ecosystem for sustainability disclosure in Hong Kong. Our target is to launch a roadmap within 2024. At the same time, we will extend the Green and Sustainable Finance Grant Scheme for three years and expand the scope of financial support to cover transition bonds and loans, further enriching the green and sustainable finance ecosystem in Hong Kong. We will also launch the Green and Sustainable Fintech Proof-of-Concept Subsidy Scheme in the first half of this year to provide early-stage funding support for green Fintech.

(C) We have unwavering confidence in Hong Kong's financial market, and will continue to strengthen Hong Kong's competitiveness through specific policy measures. In the first half of this year, we will submit the legislative proposal for the introduction of the company re-domiciliation mechanism to facilitate companies domiciled overseas to re-domicile to Hong Kong. On opening up new capital sources, we are working on the listing of an ETF in the Middle East that tracks Hong Kong stock indices. On the stock market, the Government has been coordinating with the Securities and Futures Commission (SFC) and Hong Kong Exchanges and Clearing Limited (HKEX) to implement the various short-term measures recommended by the Task Force on Enhancing Stock Market Liquidity in full speed. The majority of the measures have already been launched. The HKEX targets to implement the treasury share buy-back arrangements, as well as publish the consultation conclusions on maintaining trading under severe weather and announce the implementation details in the middle of this year. Besides, the stamp duties payable on the transfer of real estate investment trust units and the jobbing business of option market-makers will be waived, in respect of which we will introduce a Bill into the LegCo within this year.

(D) On digital economy, in October last year, the HKMA (Hong Kong Monetary Authority) completed Phase 1 of the e-HKD Pilot Programme, and Phase 2 of the Pilot Programme commenced last month. As regards the Multiple Central Bank Digital Currency Bridge (mBridge), Phase 1 of its service, which is expected to be launched this year, will first settle cross-boundary transactions for corporates using central bank digital currencies. The scope

of eâ€‘CNY pilot testing will expand in Hong Kong, further enhancing the efficiency and user experience of cross-boundary payment services.

On virtual assets (VA), we are taking forward a number of initiatives to strengthen regulation, so as to facilitate the healthy and responsible development of the VA market in Hong Kong. Specifically, the HKMA has launched the stablecoin "sandbox" in March this year for institutions intending to issue stablecoins to conduct trials within a controlled environment. We have also completed public consultations on regulating stablecoin issuers and VA over-the-counter trading services respectively, and are considering the comments and suggestions received. Subject to the progress of the preparation work, we will introduce respective Bills into the LegCo as soon as possible.

Chairman, my colleagues and I will be happy to answer Members' questions. Thank you.