

Speech by FS at 14th Asian Financial Forum (English only) (with photo)

Following is the video speech by the Financial Secretary, Mr Paul Chan, at the 14th Asian Financial Forum held online this morning (January 19):

Distinguished guests, ladies and gentlemen,

Greetings from Hong Kong. I'm pleased to be speaking to you on this, day two of the Asian Financial Forum.

For many of you, I know, it's "night two" of the first virtual Asian Financial Forum. First, and last, I hope.

In this new year, with worldwide vaccination under way or on the horizon, I have other hopes. Among them: that we can soon begin to replace the runaway use of such phrases as "unprecedented times", "the new normal", "you're on mute" and other grim reminders of the pandemic and its Pandora's Box full of trials and troubles.

This year's Forum, with its theme of "Reshaping World Economic Landscape", has much to offer the more than 5 000 of you watching and listening – each and every one of you hopeful of gleaning insight into what 2021 may bring the global economy, its financial markets and your business future.

For the next few minutes, allow me to speak of the hope, the expectations, I have for Hong Kong. As an open economy, Hong Kong is hardly immune to the pandemic and other global, and local, forces. And the economic ride will continue to be rough going through the first half of the year.

That said, I am hopeful that recovery will begin to find root in the latter half of the year. That, of course, is predicated on vaccinations providing the global economic booster we all need.

My optimism for Hong Kong is clear and compelling. It's built on our distinctive advantages under the "one country, two systems" arrangement. I'm talking about Hong Kong's world-class financial system and the professional services prowess that supports it.

To that, add the free flow of information, talent, capital and goods, in and out of Hong Kong. No less vital, is our long-standing rule of law and level playing field tied to our transparent and internationally aligned regulatory system, low and simple tax regime and deep market liquidity. Put it all together, and you know why Hong Kong means business. Whatever business you're in, whatever investment interests you may have.

Hong Kong is the business and investment bridge between China and the

rest of the world. We are the premier listing platform of choice for international and Mainland companies, and we continue to build on that unrivalled advantage.

Since April 2018, innovative companies with a weighted voting rights structure, pre-revenue or pre-profit biotech companies and qualifying companies seeking a secondary listing have been allowed to list on our stock exchange. I can tell you the new listing regime has been remarkably successful.

We are now the world's second-largest fundraising venue for biotech companies. And, over the past 12 years, Hong Kong has led the world seven times in total funds raised through IPOs.

The capital markets between Hong Kong and the Mainland are well connected. Stock Connect allows international investors to trade securities in Mainland markets through Hong Kong, while enabling Mainland investors to trade securities in Hong Kong through the Mainland's domestic platforms.

Since the end of last December, eligible securities under Stock Connect have been expanded, once again, to include pre-revenue or pre-profit biotechnology companies listed in Hong Kong. That will deepen the liquidity of these companies.

Besides, companies with corporate weighted voting rights structure listed in certain qualifying exchanges before October 2020 can now apply for secondary listing here, subject to relevant investor protection safeguards.

We are also boosting Hong Kong's status as Asia's premier fund hub with the introduction of the open-ended fund company and limited partnership fund regimes in 2018 and 2020, respectively.

We're now working to provide tax concessions for carried interest payable by private equity funds operating in Hong Kong, so as to encourage more overseas funds to set up here.

There's more. The Hong Kong Exchanges and Clearing Limited (HKEX) also signed an agreement with MSCI in May last year to launch a suite of MSCI Asia and Emerging Markets equity index futures and options contracts in Hong Kong. The partnership between HKEX and MSCI reinforces Hong Kong's position as a premier risk management centre of choice. It also signifies the market's confidence in our commitment to strengthening Hong Kong's position as an international financial centre.

Our gateway role is also primed to grow deep into this 21st century, thanks to the enormous opportunities arising from the Guangdong-Hong Kong-Macao Greater Bay Area.

The emerging cluster-city development integrating Hong Kong, Macao and nine cities in Guangdong Province is primed to reward our financial services sector in many ways. Including the Wealth Management Connect scheme, which

will allow Greater Bay Area residents – that is some 72 million consumers – to carry out cross-boundary investment in wealth-management products distributed by the region's banks. That will boost product diversity and asset-allocation options, while vastly expanding the sector's prospective market.

The upsurge in cross-boundary funds will, in turn, consolidate Hong Kong's position as the premier global hub for the offshore Renminbi business.

A session this afternoon, featuring a number of high-profile financial services executives, will focus on Wealth Management Connect, its imminent launch and how you can best take advantage of this historic opportunity.

Innovation and technology is a policy priority of the Hong Kong SAR Government. Its development and application is critical to every sector and industry of our economy, financial services very much included.

Hong Kong has been a regional leader in the promotion of smart banking, among the very first markets in Asia to establish virtual banks. Eight such banks, together with four virtual insurers and one virtual asset trading platform, have been authorised to operate in Hong Kong.

The Faster Payment System, a round-the-clock, real-time platform for banks and e-wallet operators, offers customers faster and comprehensive payment and transfer services. Launched in 2018, it has recorded more than 6 million registrations, counting an accumulated transaction volume of over US\$240 billion.

These, and other financial innovations, have been widely accepted by business and consumers alike.

We are also, let me add, in the process of instituting a licensing regime to regulate virtual asset trading platforms for market development and better investor protection.

The insurance sector is another focus in our work plan. We are working on a number of measures to enhance our competitiveness as a premier insurance hub. A group-wide supervision framework is being developed for the supervision of insurance groups which have their holding company incorporated in Hong Kong. We will also implement a risk-based capital regime to replace the existing rule-based one, and will establish a Policy Holders' Protection Scheme for policy holders in the event of insurer insolvency. At present, Hong Kong's Insurance Authority is the group supervisor of three international insurance groups, namely AIA, Prudential and FWD. This has clearly demonstrated Hong Kong's advantages as an international financial centre and insurance hub.

You'll want to take in the Forum's new "Dialogue for Tomorrow" session, scheduled for later today. It features sessions on the future of banking, insurance, big tech and energy.

Finance today, and tomorrow, needs to be green and sustainable, as well as innovative.

Hong Kong is committed to becoming the region's green and sustainable finance hub. Our Green and Sustainable Finance Strategic Plan, launched last month, sets out our vision in this regard.

We have, I'm pleased to add, been making good progress for some time now. In 2018, we launched the Green Bond Grant Scheme. A year later, we followed up with our inaugural Government green bond issuance. And, over the five years from 2020-21, we plan to issue green bonds totalling about US\$8.5 billion.

We are, in short, planning for the long haul. For a green and sustainable economy that begins in Hong Kong and, through our business and financial expertise and leadership, embraces the entire Greater Bay Area. I invite you to join us in building the future. And finding yours – right here in Hong Kong.

We are ready to help you achieve breakthroughs in fund-raising, investment, and tapping opportunities in China, Asia and globally.

This year's Asian Financial Forum will help you get there. Designed to show you the way forward. I know you will enjoy today's sessions.

Ladies and gentlemen, I wish you the best of business, investment and health in the new year. Fewer challenges, less talk of tough times. More about the boundless promise and possibilities just in front of us.

Thank you.

