

Speech by FS at Gong Striking Ceremony for launch of HKD-RMB Dual Counter Model (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Gong Striking Ceremony for the launch of HKD-RMB Dual Counter Model today (June 19):

Laura (Chairman of the Hong Kong Exchanges and Clearing Limited, Mrs Laura Cha), Gucho (Chief Executive of the Hong Kong Exchanges and Clearing Limited, Mr Nicolas Aguzin), distinguished guests, ladies and gentlemen,

Good morning.

Today is really another significant milestone for our stock market. With the launch of the new Dual-Counter Model, it is encouraging to see that 24 companies will be offering their shares in both Hong Kong dollars and the renminbi. Many of them, to be sure, are highly sought-after stocks with promising liquidity, accounting for, as alluded earlier to by Gucho, around 40 per cent of the average daily turnover of our stock market. Their participation is clearly a vote of confidence for the new offering.

This is certainly good news for local and global offshore RMB holders as the regime offers more diversified investment options.

For those who have yet to join, I look forward to welcoming you to the Dual-Counter family soon enough.

While some may say that the first RMB listing in Hong Kong took place more than 10 years ago, and there are plenty of RMB securities such as ETFs and debt instruments on the market, the new Dual-Counter Model offers much excitement.

Shares traded under this Model would belong to the same class, with the same rights and entitlements, and be fully tradable across counters. Together with the market makers selected to ensure adequate liquidity for the designated shares trading in RMB, this will substantially facilitate transactions and enhance price efficiency of such stocks.

And the Model is launched right at a time when the strategic importance of RMB – in terms of fund flow, liquidity and popularity – is rising.

In 2021, the total amount of cross-border use of RMB reached over RMB36 trillion, representing an increase of nearly 30 per cent over the year before. As at the first quarter this year, the proportion of RMB in cross-border payments and receipts in the Mainland has risen to 48 per cent, surpassing the US dollar for the first time. In addition, using RMB as a

settlement currency for international trade and investment has become increasingly prevalent.

Of course, viewing it holistically, there is still ample room for the global use of RMB to grow. While our country is the world's second largest economy, accounting for more than 18 per cent of the world's GDP, and is the largest trading economy contributing to about 13.5 per cent of global trade, the use of RMB in SWIFT, i.e. cross-border trade settlement, and as a worldwide reserve currency, constitutes less than 3 per cent respectively.

It is clear that the internationalisation of RMB will only accelerate in the future, particularly under this rapidly changing global geo-political and environment – which is unseen in a century. Seeking diversification for greater security is on everyone's agenda.

As countries trade and invest in RMB and use it as a reserve currency, the demand for various investment and risk management products is bound to rise.

Hong Kong will play a pivotal role in this great process of change, and we are keen to grasp the opportunities ahead. We have long been the offshore RMB hub, no matter in terms of liquidity, trade settlement or product variety.

And thanks to the staunch support of the Central Government, our currency swap arrangement with the People's Bank of China ensures that we have more-than-enough liquidity.

Looking ahead, we are determined to expand the channels for cross-boundary RMB flow, provide more investment and risk management products, and upgrade our related infrastructure to build an even more vibrant offshore RMB ecosystem.

A short-term priority is, of course, the inclusion of RMB-denominated securities under the Southbound Connect, so that Mainland investors can trade Hong Kong shares with their onshore RMB.

And, rest assured, we will continue to collaborate with our Mainland counterparts to expand the mutual-market access programme, with a view to promoting greater connectivity between the investors and capital markets of the Mainland and the world.

Finally, may I extend my sincere thanks to the Financial Services and the Treasury Bureau, the financial regulators including the Hong Kong Monetary Authority and the Securities and Futures Commission, as well as HKEX for all the good and hard work in the bringing the Dual-Counter Model to life, for giving investors everywhere more reason to look to the RMB – and to Hong Kong – for their future.

And now on to the highlight of the day: the HKEX gong-striking ceremony.

Thank you very much.