

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

Following is the English translation of the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the special meeting of the Legislative Council (LegCo) Finance Committee today (April 13), 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 the coming year.

Estimates of expenditure

The allocation to the Financial Services Branch and departments under its purview for 2021-22 is about \$3.8 billion. The amount represents an increase of about \$1.5 billion over the original estimate of last year.

Key areas of work

In the coming year, to reinforce our status as an international financial centre, we will focus our work on safeguarding Hong Kong's financial stability on the one hand and continue to launch new initiatives for promoting market development on the other. We will also enhance financial co-operation with the Mainland. In addition, under the pandemic, we will be launching initiatives to relieve people's hardship.

(I) Safeguarding financial stability

Financial stability provides a sound foundation for the development of Hong Kong's financial market. With our resilient regulatory regime and robust risk management, Hong Kong's financial system has demonstrated resilience despite the impact of the pandemic and other uncertainties in the global environment on our financial markets over the past year or so. The Linked Exchange Rate System and various facets of the markets have been functioning in an orderly manner. According to the latest data, major banks' average liquidity coverage ratio exceeded 150 per cent, and the industry's average capital adequacy ratio exceeded 20 per cent, both well above the international standards. We will continue to closely monitor the financial market situation.

(II) New initiatives for promoting market development

On promoting market development, I would like to give a brief account of

our new initiatives.

(i) On the asset and wealth management front, we will step up efforts to enhance Hong Kong's status as an international asset and wealth management centre. To propel the development of the real estate investment trust (REIT) market in Hong Kong, subsidies will be provided to cover the expenses paid to local professional service providers by qualifying REITs authorised by the Securities and Futures Commission and listed in Hong Kong in the coming three years. We will also sponsor open-ended fund companies (OFCs) by providing subsidies to cover the expenses paid to local professional service providers for OFCs set up in or re-domiciled to Hong Kong in the coming three years. In addition, Invest Hong Kong's dedicated team is expected to commence operation in the second quarter this year to offer one-stop support services to family offices which are interested in establishing a presence here.

(ii) Regarding the securities market, the Hong Kong Exchanges and Clearing Limited is conducting a consultation on expansion of the secondary listing regime for overseas issuers to list in Hong Kong. The consultation includes proposals for allowing overseas-listed Greater China companies from traditional sectors without a weighted voting rights structure to seek listing, and proposals for providing greater flexibility for issuers seeking dual-primary listings whilst retaining their existing weighted voting rights structures and variable interest entity structures. In respect of the expansion of mutual capital market access programmes, we will seek to launch and implement Southbound Trading of Bond Connect, expand the scope of eligible securities under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, and launch A-share index futures. Regarding ETF Connect, which was first mentioned at the launch of Shenzhen-Hong Kong Stock Connect, we hope to gradually include exchange-traded funds as eligible securities under the programmes as soon as possible.

(iii) In relation to the development of the insurance industry, thanks to the support of the LegCo, we have completed a number of legislative exercises to promote the development of the insurance industry, including those relating to insurance-linked securities (ILS). In order to enhance Hong Kong's competitiveness in this area, we propose to launch a two-year Pilot ILS Grant Scheme to subsidise the up-front costs of issuing ILS in Hong Kong.

(iv) To further consolidate Hong Kong's position as a green and sustainable finance hub in the region, we will issue green bonds regularly and expand the scale of the Government Green Bond Programme by doubling its borrowing ceiling to \$200 billion to allow for further issuance of green bonds totalling \$175.5 billion within the next five years, having regard to the market situation. We also plan to issue retail green bonds for the participation of the general public. Moreover, the Government will launch a Green and Sustainable Finance Grant Scheme to provide a subsidy for eligible bond issuers and loan borrowers to cover their expenses on bond issuance and external review services.

(v) As regards the bond market, a steering group led by the Financial Secretary will be set up to formulate a road map for promoting the

diversified development of the Hong Kong bond market. At the same time, we will enhance the efficiency and capacity of the Central Moneymarkets Unit (CMU) of debt instruments to support its future commissioning of Southbound Trading. In the long run, we will develop the CMU as a major international central securities depository platform. In addition, we plan to raise the borrowing limit of the Government Bond Programme to \$300 billion. We will also issue more iBond and Silver Bond, and lower the eligible age for subscribing Silver Bond from 65 to 60 so that more citizens can participate in it.

(vi) We will continue to drive the development of fintech in Hong Kong, including promoting the Fintech Proof-of-Concept Subsidy Scheme announced in January this year. We will also press ahead with the development of the eMPF Platform, including the introduction of second-phase legislative amendments to the LegCo to provide a legal basis for the operation of the electronic common platform.

(III) Enhancing financial co-operation with the Mainland

We will continue to strengthen financial co-operation with the Mainland and leverage the enormous opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area development. We can see boundless potential for the Hong Kong market to make a greater contributions to the country under the "dual circulation" development pattern. The Financial Services and the Treasury Bureau, together with relevant regulators, has already set up a joint working group to explore how Hong Kong's markets can, in the future, complement the development of our country and meet the needs of international investors with a view to setting out a development blueprint.

(IV) Relieving hardship

To relieve people's hardship, the Financial Secretary announced in the Budget the introduction of a 100% Personal Loan Guarantee Scheme to provide a supplementary financing option to help unemployed persons affected by the pandemic tide over the interim difficulty. Thanks to Members' support, the Finance Committee has approved the funding to provide a total commitment of \$15 billion for the Scheme. The application details will be announced as soon as possible.

My colleagues and I will be happy to answer any questions from Members.

Thank you, Chairman.

[**Hong Kong Customs detects largest case**](#)

of selling infringing electronic question banks on record (with photo)

Hong Kong Customs conducted an operation on April 8 to combat the online sale of infringing electronic question banks for primary schools. During the operation, five persons were arrested and a batch of items suspected to be involved in the cases was seized, including over 59 000 electronic files of suspected infringing question banks for primary schools. This is the largest on record among similar cases detected by Customs in terms of the quantity of files being seized.

Customs earlier received complaints from copyright owners alleging that suspected infringing question banks for primary schools were put on sale through online platforms. Through a big data analytics system, Customs officers conducted detection and analysis, and targeted a number of online pages on social media for investigation.

After an in-depth investigation, and with the assistance of copyright owners, Customs officers took enforcement action on April 8 and raided four residential premises in Sai Ying Pun, Shatin, Fanling and Tseung Kwan O as well as a tutorial centre in Sai Ying Pun. A batch of electronic files of suspected infringing question banks was seized with the subjects involved being Chinese, English, Mathematics and General Studies. Customs also seized a batch of items suspected to be connected with the cases, including five sets of computers, four tablet computers, a batch of USB flash drives, seven mobile phones and a batch of suspected infringing teaching materials.

During the operation, one man and four women, aged between 39 and 55, were arrested.

An investigation is ongoing.

The Group Head (Intellectual Property Investigation (Operations)) of Customs, Ms Wong Wai-chuen, today (April 13) appealed to members of the public at a press conference to respect intellectual property rights and to refuse purchasing infringing electronic question banks.

Customs also reminds the public not to sell or distribute infringing articles publicly. Under the Copyright Ordinance, without the licence of the copyright owner, any person who sells or possesses for sale any infringing article, or distributes an infringing article, otherwise than for the purpose of or in the course of any trade or business for profit or reward, to such an extent as to affect prejudicially the copyright owner, commits an offence. The maximum penalty upon conviction is a term of imprisonment for four years and a fine of \$50,000 per infringing copy.

Members of the public may report any suspected infringing activities to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email

account (crimereport@customs.gov.hk).



[Outreach Vaccination Arrangement for RCHs under COVID-19 Vaccination Programme starts](#)

The Outreach Vaccination Arrangement for Residential Care Homes (RCHs) under the COVID-19 Vaccination Programme (outreach arrangement) started today (April 13).

Outreach teams and visiting medical officers (VMOs) will visit the first batch of 10 RCHs for the elderly that are participating in the outreach arrangement, which provides free vaccination services at the RCHs for their residents and service users of the day service units attached to the premises of the RCHs who have agreed to receive a vaccination and have been assessed by medical doctors as suitable for receiving a vaccination.

Details of the outreach vaccination arrangement are as follows:

(i) Administration of the BioNTech vaccine: The Hospital Authority (HA) will conduct site inspections and assessments, and send outreach vaccination teams (outreach teams) to administer the vaccine for suitable residents who have agreed to receive vaccinations at the RCHs; and

(ii) Administration of the Sinovac vaccine: The VMOs participating in the Residential Care Home Vaccination Programme of the Department of Health (DH) will administer the vaccine for suitable residents who have agreed to receive vaccinations at the RCHs.

The Social Welfare Department (SWD) has provided guidelines on the workflow to RCHs participating in the outreach arrangement to help them make necessary preparations, including preparing residents' information such as their clinical history and health conditions, to enable both the outreach

teams and VMOs in assessing participating residents' suitability for receiving the vaccines based on the recommendations of the scientific committees under the Centre for Health Protection and taking into account clinical judgments and residents' health conditions on the day of vaccination.

The SWD, through the RCHs, has earlier collected information about residents' or their legal guardians' own choices as to whether they will participate in the outreach arrangement and what type of vaccine to receive, and has passed such information to the HA and the DH to make follow-up arrangements.

Residents who choose not to participate in the outreach vaccination arrangement will not be vaccinated in the RCHs, but they can still make bookings by themselves and receive a vaccination at Community Vaccination Centres or other locations.

The Government will consolidate experiences gained from the outreach vaccination arrangement for the first 10 RCHs for the elderly and extend the arrangement to the rest of around 1 100 institutions in Hong Kong in an orderly manner, including RCHs for the elderly, RCHs for persons with disabilities and nursing homes.

Exchange Fund Bills tender results

The following is issued on behalf of the Hong Kong Monetary Authority:

Exchange Fund Bills tender results:

Tender date	:	April 13, 2021
Paper on offer	:	EF Bills
Issue number	:	Q2115
Issue date	:	April 14, 2021
Maturity date	:	July 14, 2021
Amount applied	:	HK\$158,628 MN
Amount allotted	:	HK\$61,339 MN
Average yield accepted	:	0.03 PCT
Highest yield accepted	:	0.03 PCT
Pro rata ratio*	:	About 65 PCT
Average tender yield	:	0.04 PCT

Tender date	:	April 13, 2021
Paper on offer	:	EF Bills

Issue number : H2144
Issue date : April 14, 2021
Maturity date : October 13, 2021
Amount applied : HK\$82,090 MN
Amount allotted : HK\$16,000 MN
Average yield accepted : 0.04 PCT
Highest yield accepted : 0.05 PCT
Pro rata ratio* : About 19 PCT
Average tender yield : 0.07 PCT

Tender date : April 13, 2021
Paper on offer : EF Bills
Issue number : Y2188
Issue date : April 14, 2021
Maturity date : April 13, 2022
Amount applied : HK\$24,420 MN
Amount allotted : HK\$3,000 MN
Average yield accepted : 0.06 PCT
Highest yield accepted : 0.07 PCT
Pro rata ratio* : About 9 PCT
Average tender yield : 0.09 PCT

*"Pro rata ratio" refers to the average percentage of allotment with respect to each tender participant's tendered amount at the "highest yield accepted" level.

Hong Kong Monetary Authority tenders to be held in the week beginning April 19, 2021:

Tender date : April 20, 2021
Paper on offer : EF Bills
Issue number : Q2116
Issue date : April 21, 2021
Maturity date : July 21, 2021
Tenor : 91 Days
Amount on offer : HK\$55,559 MN

Tender date : April 20, 2021
Paper on offer : EF Bills
Issue number : H2145
Issue date : April 21, 2021
Maturity date : October 20, 2021
Tenor : 182 Days

Transcript of remarks by CE at media session before ExCo

Following is the transcript of remarks by the Chief Executive, Mrs Carrie Lam at a media session before the Executive Council meeting today (April 13):

Reporter: Three questions. Number one, what is the holdup with opening the vaccine for people under 30? Why is the incentive plan so complicated? Why not adapt something like in Israel, where they have green passes for vaccinated people? Second question, when do you expect vaccination level to hit 50 per cent or 70 per cent? And third question, how much longer are we talking about here for the travel bubble with Singapore, days or weeks? Thank you.

Chief Executive: The answer to the first question is a question of science. As soon as our experts, whether local experts or overseas experts, could confirm the safety, efficacy and quality of the two vaccines that we have authorised for emergency use are good for younger aged Hong Kong residents, then we will seriously consider it. Especially Hong Kong is relatively more fortunate in having a secured supply of vaccines that is adequate to cater for the whole population. So it's a question of science.

I don't think our so-called incentive plan is complicated. Every country, every place, has to design their incentives, or on a broader scale, their anti-COVID-19 strategy, taking into account the local context. The local context at this point in time is the vaccination rate is not very satisfactory – it's about eight per cent. I think (the vaccination rate in) Israel has gone up to 70, 80 or even 100 percent. That is a very relevant factor that one has to take into account in designing the incentives for people to take the vaccine. In our case we also have some sort of a pass. I don't know whether you have received the jab, if you have received the jab like me, then you can use the "iAM Smart". You can download your vaccination record – which date that you have taken the first dose and the second dose, and which vaccine that you have taken. It's all very clear on your phone. Whether you call it a certificate, an e-pass or what, we have all these measures and instruments in place. What we need now is to promote vaccination in Hong Kong. Since just protecting your own health and loving your family members are not strong enough incentive, then the Government has to come up with stronger incentives, which are important not only for promoting vaccination but also to allow Hong Kong to go back to normality in a gradual and orderly manner so that business could continue to operate.

For the second question about this vaccination rate, we have not

committed to a particular vaccination rate in the community before something will happen, or as somebody called, a "herd immunity". I have a very enlightening session with my four experts last Friday, and the advice given to me is that instead of looking into a community-wide vaccination rate target, we should promote individual vaccination by encouraging individuals, or groups of individuals, or venue-based category of individuals to take the jab and then create this "vaccine bubble" for them to enjoy some of the relaxed measures. At the moment we have no plan to commit to a particular vaccination rate. Of course, the more the merrier, if I may put it that way.

About the travel bubble with Singapore, Singapore is one of the target countries that we have very active discussion recently. One is because the situation in the two places is quite comparable. Second is there is a lot of travel between Hong Kong and Singapore whether it's for business, for leisure, for visiting friends and relatives. Third is we actually had a very concrete scheme, an air travel bubble in place, before the fourth wave hit us. What we need to do is to dig out that plan and to revisit that plan. For example in November, when we had that plan with Singapore, there was no reference whatsoever to vaccination. Now we are proposing to the Singaporean government that we would like our Hong Kong travellers to be fully vaccinated before they take on this air travel bubble. This is our suggestion to the Singaporean government, which they have no objection. It's actually enhanced safety, but they will not impose such a requirement on travellers from Hong Kong within this air travel bubble. I expect an early indication of agreement between the two sides so that we can tell the people of Hong Kong that it's time to travel to Singapore again.

(Please also refer to the Chinese portion of the transcript.)