



THE
LAW SOCIETY
OF HONG KONG
香港律師會

7th Belt and Road Conference

**Legal Professionals Joining Efforts
in Advancing **EIGHT MAJOR STEPS** to Build
High Quality Belt and Road Cooperation**



The Development of Hong Kong as an International Financial Centre

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Core Competitiveness of Hong Kong as an International Financial Centre



One Country, Two Systems

- Leveraging on our unique advantages as a major gateway connecting the Mainland with the rest of the world
- Hong Kong ranked third in the world and first in Asia under the Global Financial Centres Index

Free Flow of Capital and Free Flow of Information

- Protected by the Basic Law
- Hong Kong's foreign currency reserve asset amounted to US\$421.4 billion, around 1.7 times of our monetary base

Resilient Banking System

- FY2023, total deposits grew by 5.1%
- total deposits increasing by 5.0% in the first nine months of 2024

Common Law System and Independent Judiciary

- Our institutional advantage protected by the Basic Law

Rich Pool of Professionals and Robust regulatory regime

- Align with international standard

Transparent and Low Tax Regime

- Foster a favourable business environment

Hong Kong – Asia’s Leading International Financial Centre

- HK\$46.3 billion of funds raised via IPO in 2023, ranked 6th in the world
- HK\$55.6 billion raised via IPO year-to-date in 2024, ranked 4th globally

Vibrant Equities Market

Largest Offshore RMB Centre

- World’s largest pool of offshore RMB funds
- RMB deposits and CD (Jan-Aug 2024): RMB 1136.7bn
- Handled about 80% of World’s offshore RMB payment (Jan-Aug 2024)

Largest Centre for arranging Asian international bond issuance in 2023

Region’s Leading Bond Centre

Open Insurance Market

- Insurance density ranked #2 in the world, #1 in Asia in 2023
- Insurance penetration ranked #1 in the world (17.2%)

Hong Kong – Asia's Leading International Financial Centre

Asset and Wealth Management Business (end-2023):

HK\$31.2 trillion, up by 30% during the 5-year period across 2019-2023

Cross-border Wealth Management Centre in AUM (2023):

#2 in the world, #1 in Asia

Ultra High Net Worth Individual Population (2023): 12,545

- #2 in the world
- Behind New York (16,630)

2nd Largest Private Equity hub in the Asia Pacific Region (end-Dec 2023)

Behind the Mainland market

Asia's #1 Hedge Fund Base (2024)

Largest Centre for Arranging Green and Sustainable Bonds in Asia in 2023

Transparent and Low Tax Regime



World No.2
Ease of Paying Taxes

World Bank &
PricewaterhouseCoopers
(2020)

Among the global top five
in tax policy

World Competitiveness
Yearbook 2024, IMD

Individuals

- No Capital Gain Tax
- No Tax on Interest Income or Dividend Withholding
- No Estate Duty

Profits tax exemption for funds

	onshore	offshore
Publicly offered funds	√	√
Privately offered funds	√	√

Belt and Road Initiative

01

Vision and Blueprint

In March 2015, the National Development and Reform Commission (NDRC), the Ministry of Foreign Affairs and the Ministry of Commerce, authorised by the State Council, published the “**Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road**”

02

Aims: Five Key Areas

To promote deeper and closer cooperation among BRI countries in five key areas, namely **promoting policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds**

03

Blueprint for HK

In December 2017, the HKSAR Government and NDRC signed the “**Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong’s Full Participation in and Contribution to the Belt and Road Initiative**” (“the Arrangement”)

Belt and Road Initiative

The “Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong’s Full Participation in and Contribution to the Belt and Road Initiative” signed in 2017 serves as a blueprint for Hong Kong's further participation in the Belt and Road Initiative

Finance and investment



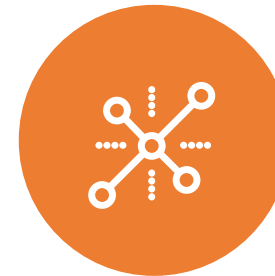
People-to-people bonds



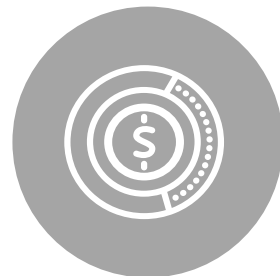
Infrastructure and maritime services



Taking forward the GBA development



Economic and trade facilitation



Enhancing collaboration in project interfacing and dispute resolution services



6 key areas of the Arrangements

Landscape of Sustainable Finance in Hong Kong

- Global climate finance flows reached around **US\$1.3 trillion** in 2021/22. However, it is estimated that annual climate investments would have to reach **US\$9 trillion** by 2030 and **US\$10 trillion** by 2050.
- HK's green and sustainable finance market is thriving
 - The **total green and sustainable debt** (including both bonds and loans) issued in HK exceeded US\$50 billion in 2023.
 - The volume of green and sustainable bonds arranged in HK topped the Asian market in 2023, accounting for 37% of the total.
- As at end-Jun 2024, there were **233 ESG funds** authorised by SFC with a total assets under management (AUM) of US\$169.3 billion, increased by 19% and 8% respectively on a year-on-year comparison.

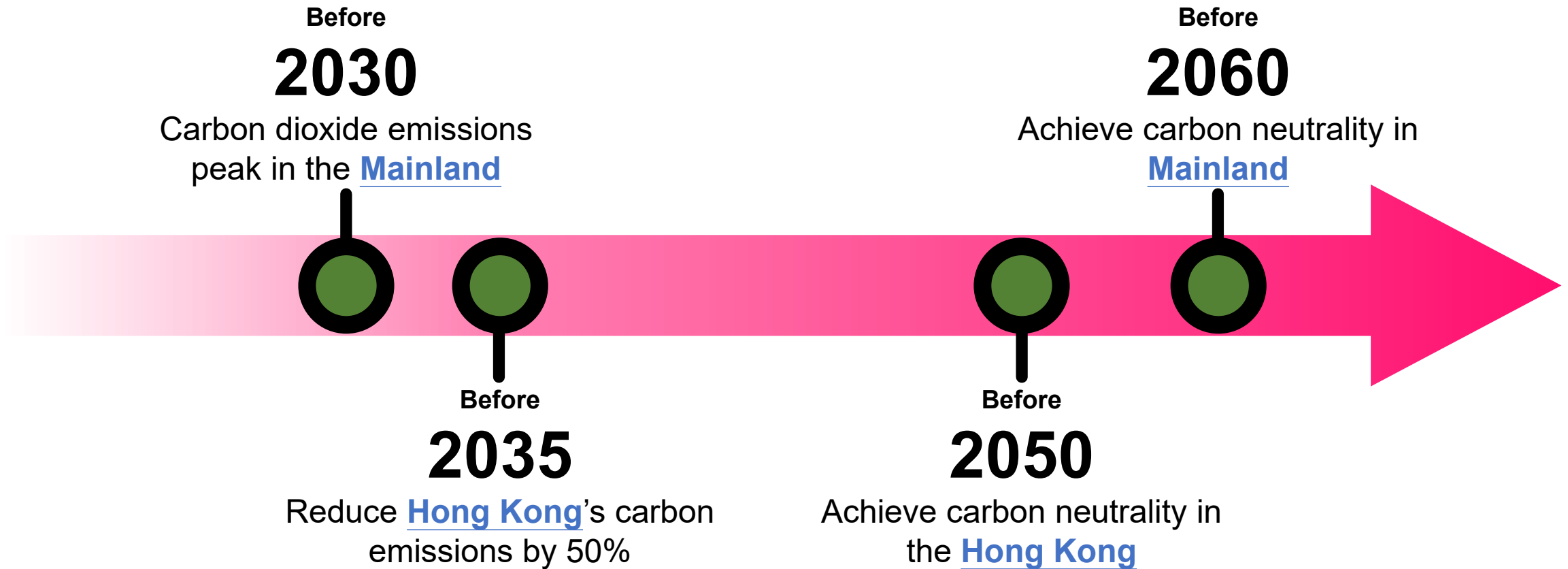
1. Source: Climate Policy Initiative

2. Source: ICMA and HKMA

Landscape of Sustainable Finance in Hong Kong

- Over the years, notable deals from Mainland issuers:
 - the world's first Guangdong-Hong Kong-Macau Greater Bay Area – themed green bond
 - The Shenzhen Municipal People's Government bond issuance, the first time a Mainland municipal government issues bonds, and green bonds, outside the Mainland
- Hong Kong's sustainable financial product suite is more than traditional green bonds:
 - World's first real estate sector's green convertible bond
 - Asia's first Green Retail Certificates of Deposit
 - World's first offshore A-share ESG ETF
 - First Asian Green Bond ETF

Carbon Reduction and Neutrality Targets



Government Green Bond Programme

- **The Government Green Bond Programme (GGBP)** was launched in 2019
 - The sums borrowed are credited to the Capital Works Reserve Fund for green projects
 - A separate programme independent of the Government Bond Programme established in 2009
 - Green bond reports published annually
 - As at Oct 2024, a total of around **US\$28 billion** equivalent of green bonds, targeting global institutional investors and including the world's first multi-tranche digitally native green bonds denominated in USD, euro, renminbi and HKD totalling close to HK\$6 billion equivalent issued in early Feb 2024



Provide benchmark pricing for the market and encourage issuers and investors to use Hong Kong's platform

Government Green Bond Programme



About **US\$28 billion**
equivalent of green bonds
have been successfully issued

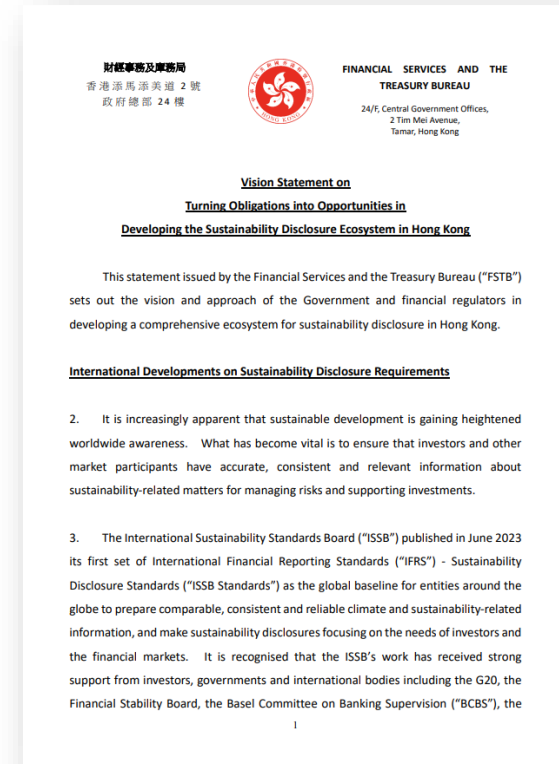
2 batches of the largest ESG bond
issuance in Asia issued
in Jan and Jun 2023

1st tokenised green bond issued by
a government globally
in Feb 2023

2 batches of retail green bonds
to directly contribute to
greening Hong Kong

Aligning with international standards

- To develop a roadmap on the appropriate adoption of the IFRS Sustainability Disclosure Standards for Hong Kong's financial services to align with international standards.
- FSTB published in March 2024 a **vision statement**, setting out the vision and approach of the Government and financial regulators in developing a comprehensive ecosystem for sustainability disclosure in Hong Kong.
- HKICPA has developed Exposure Drafts for Hong Kong's sustainability reporting standards fully aligned with the ISSB Standards and commenced a 6-week public consultation from 16 September to 27 October 2024.



Our target is to launch a roadmap on the appropriate adoption of the ISSB Standards in Hong Kong within 2024

Fintech Development in HK

Hong Kong.
**NOW HOME TO AROUND 1,100
FINTECH COMPANIES
AND STARTUPS.**



1,100

fintech companies
and start-ups



>220

Web3 related
companies



8

Virtual banks



3

Virtual asset
trading platform



4

Virtual insurers

Fintech Development in HK

I. Enhancing fintech infrastructure

- Electronic Payments
- Faster Payment System
- Commercial Data Interchange (CDI)
- Interbank Account Data Sharing (IADS)
- e-HKD
- Integrated Fund Platform

VI. Integrating virtual assets with traditional financial instruments

- VA Futures ETFs
- VA Spot ETFs
- Security Token Offering
- NFT issued by the HKSAR Government

II. Developing green fintech

- Green and Sustainable Fintech Proof-of-Concept Funding Support Scheme
- Tokenised green bond



III. Nurturing fintech talent

- GBA Fintech Two-way Internship Scheme for Post-secondary Student
- Pilot Scheme on Training Subsidy for Fintech Practitioners
- Talent list HK

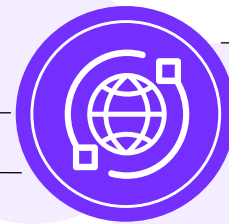
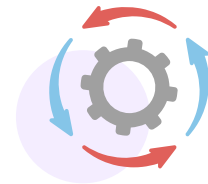
IV. Strengthening connections both locally and globally



- Hong Kong Fintech Week
- Overseas promotions
- Cross-boundary fintech initiatives
- e-CNY
- CDBC

V. Regulatory regimes for VA

- Licensing regime for VA service providers
- Proposed regulatory regime for stablecoin issuers
- Legislative Proposals to Regulate Over-the-Counter Trading of Virtual Assets



Thank you



Financial Services and the Treasury Bureau, Government of the Hong Kong Special Administrative Region