

Press release

HKSAR Government welcomes Central Government's measures to strengthen Mainland-Hong Kong co-operation Saturday, June 30, 2012

The Financial Secretary, Mr John C Tsang, welcomes and appreciates all the measures announced by the Central Government today (June 30) to strengthen co-operation between the Mainland and Hong Kong. The Hong Kong Special Administrative Region (HKSAR) Government will proactively work with the related authorities in the Mainland to implement these measures.

Fifteen of the measures announced today are related to financial services. The HKSAR Government said that the measures fully show the support of the Central Government to consolidate and enhance Hong Kong's status as an international financial centre and will expedite the development of offshore Renminbi (RMB) business in Hong Kong.

The measures for promoting Hong Kong's RMB business include supporting Guangdong Province to proactively explore, on a pilot basis, initiatives to continuously expand cross-border RMB business; facilitating banks and enterprises in the Mainland to issue RMB bonds in Hong Kong; expanding the use of RMB overseas by supporting third parties to conduct trade settlement in RMB through Hong Kong and developing an offshore RMB loan market; raising further the quota under the Renminbi Qualified Foreign Institutional Investor (RQFII) scheme, expanding the coverage of the pilot scheme to include Hong Kong-funded institutions, and relaxing the investment restrictions of the scheme; and exploring cross-border lending on a pilot basis in Qianhai.

The HKSAR Government noted that these measures would help promote the development of an offshore RMB business centre and assist the nation to pave the way for the internationalisation of the RMB.

On the securities market, the Central Government promotes the establishment of a joint venture company by the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Hong Kong Exchanges and Clearing Limited; approves the issuance of Exchange Traded Funds which will be mutually listed on the stock exchanges in the Mainland and Hong Kong; and supports Mainland enterprises that satisfy Hong Kong's listing requirements in listing in Hong Kong, and creates favourable conditions for Mainland enterprises, especially small and medium enterprises, to raise capital through direct listing in overseas markets.

The HKSAR Government said that these measures will strengthen interconnection between the capital markets of the two places, and consolidate the status of Hong Kong as a pivotal capital-raising platform for mainland enterprises.

As for the banking industry, the Central Government will allow eligible Hong Kong-funded banks to offer custodian services regarding settlement funds of customers of securities companies and margin deposits on futures transactions, and allow Hong Kong financial institutions to set up consumer finance companies in Guangdong Province under the "Administrative Measures for Pilot Consumption Financial Enterprises".

The HKSAR Government said that these measures will help further expand the scope of business of Hong Kong-funded banks with new business opportunities in the Mainland.

As regards insurance services, the Central Government supports mainland institutes to establish their captive insurers in Hong Kong to improve the risk-protection mechanism. It also fosters Guangdong-Hong Kong co-operation in the development of more insurance products, business activities and operational management, and in exploring collaboration on post-sale services including surveying, rescue and claims for customers of cross-boundary insurance products. These will further foster integration and business opportunities of the insurance industry in the two places.

On the accounting sector, the Central Government will allow Hong Kong professionals who have obtained the Chinese Certified Public Accountant qualification to become partners of accounting firms at the Shenzhen Hong

Kong Modern Service Industry Co-operation Zone in Qianhai on a pilot basis.

The HKSAR Government noted that such a measure will further enhance cross-border co-operation in the accounting profession of the two places and provide more opportunities for Hong Kong certified accountants in the mainland market.

Ends