

Press Release
Loans (Amendment) Bill 2014 gazetted today
Friday, January 10, 2014

The Loans (Amendment) Bill 2014 is gazetted today (January 10). The Bill seeks to accommodate the issuance of Islamic bonds (sukuk) under the Government Bond Programme (GBP) for promoting the further and sustainable development of the local bond market.

"In July 2013, we amended our tax laws to enhance the competitiveness of Hong Kong in the development of a sukuk market by providing a comparable taxation framework for sukuk vis-à-vis conventional bonds. To further promote the development of a sukuk market in Hong Kong, we see the merits of enabling the issuance of sukuk under the GBP in response to prevailing market conditions and needs," the Secretary for Financial Services and the Treasury, Professor K C Chan, said.

"We envisage that the issuance of sukuk under the GBP will signal to the markets that our legal, regulatory and taxation frameworks are well established to accommodate sukuk issuances, thereby giving further impetus to other potential sukuk issuers to raise funds in Hong Kong. This will help diversify the types of financial products and services available in our markets and consolidate our status as an international financial centre and asset management centre," Professor Chan added.

In parallel, the Hong Kong Monetary Authority, as the Government's representative under the GBP, is examining practical issues in order to formulate a possible sukuk issuance plan for implementation upon enactment of the Bill, having regard to market circumstances.

The Secretary for Financial Services and the Treasury has given a notice to present the Bill to the Legislative Council for first reading on January 22, 2014.

Ends