

Speech

Speech by SFST at "Russia - Capital Raising and Investment Summit - Hong Kong" (English Only)

Tuesday, April 13, 2010

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the "Russia - Capital Raising and Investment Summit - Hong Kong" today (April 13):

Distinguished guests, ladies and gentlemen,

Good morning. The relationship between Russia and Hong Kong is getting stronger by the day. We are pleased to see the robust growth in co-operation and partnership between Russia and Hong Kong in a number of areas, including trade, tourism and financial services.

I was in Russia to promote business opportunities just about two years ago and our Financial Secretary is planning a visit this year.

I know that Hong Kong Exchanges and Clearing Limited (HKEx) has been organising a series of activities to promote the understanding of Hong Kong's securities market among government organisations and companies in Russia. Later this morning, you will hear from HKEx chairman, the Honourable Ronald Arculli. I am sure the summit over the next few days, together with many events held or to be held in Russia or in Hong Kong, will bring us closer together and strengthen our economic partnership. As financial services is an important part of our economy, I see much scope of co-operation in this area that will benefit both our economies.

Financial Position of Hong Kong

The global financial crisis has presented great challenges to Russia and Hong Kong, but it also reveals the strength and resilience in our economic and financial systems.

We are cautiously optimistic about Hong Kong's economic prospects in 2010. The global economy has not yet regained its vigour, and there remain a number of uncertainties and potential pitfalls. In the coming year, we will continue to invest in infrastructure, promote the development of our industries and adopt various measures to achieve the objective of consolidating the recovery.

Hong Kong as an international financial centre (IFC) in the Asia time zone and the IFC for China

For those of you weighing up the pros and cons of Hong Kong as an international financial centre and a springboard for opportunities in China, I invite you to consider our advantages under "one country, two systems". This arrangement speaks to both the strength of our market and the opportunities here. With this unique system, Hong Kong is one-of-a-kind in having the most internationalised financial market that serves as a gateway to China to "capitalise" on China's growth.

As the international system of the two systems, we have simple and low taxes; high-quality services; free flow of information and capital with no foreign exchange controls, and a stable, fully convertible currency. Our regulatory regime is on par with international standards; and our regulators are tasked to ensure a fair, transparent and orderly market. We have a world class stock exchange and our financial market regulators are well known worldwide for their professionalism, transparency and effectiveness.

Regulatory Approach

In designing the regulation of our market, we are careful in striking a balance between the goal of having a quality market and the goal to be forward looking and market friendly. We also believe in being predictable and consistent in our regulation. HKEx is a prime example.

HKEx is the only equities exchange in Hong Kong. It is a publicly listed company that makes it answerable to its investors. HKEx is expected by both the public and its investors to pursue strategies to contribute to its growth, especially in increasing the importance of Hong Kong's equity market. At the same time, HKEx is tasked with operating a quality market and promoting public interests. Listing decisions are made by a committee of market professionals who apply their expertise in reviewing listing applications in a disclosure based vetting process. Any possible conflicts, if they happen at all, between the commercial interests of the exchange and its public interest in promoting a quality market are addressed by the dual filing systems where the securities regulator, the Securities and Futures Commission, can raise an objection to a listing application

The regulatory environment in the listing process has worked well. HKEx has full control over its development strategy, and it has responded to market needs. The efficiency and quality of the listing process are further ensured with the regulatory oversight.

Listing on the Hong Kong Stock Exchange

In 2009, Hong Kong was the most active market for IPO funds raised globally. Hong Kong ranked number one globally in IPO funds raised for 2009, and number four in the world in 2009 in terms of total funds raised.

Earlier this year, we saw the first Russian company listed on our stock market, and I am confident that more foreign based companies including many more Russian companies will be looking to list on the Hong Kong stock exchange in the near future.

Hong Kong and Russian Financial Co-operation

Hong Kong can serve as the financial gateway for Russian companies to reach the Asian market.

And there is strong potential for economic partnership between China and Russia, and Hong Kong can undoubtedly serve as the bridge between the two countries.

Thank you.

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