

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

Tuesday, April 5, 2016

Following is the English translation of the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the Finance Committee special meeting in the Legislative Council today (April 5), on the estimates of expenditure for financial services and the key areas of work:

Chairman and Honourable Members,

I will give a brief introduction.

Estimates of expenditure

For 2016-17, I have allocated about \$1.64 billion from my operating expenditure envelope to the Financial Services Branch and departments under its purview. The amount represents an increase of \$660 million over last year.

Key areas of work

Our key areas of work include the following:

(I) Developing offshore Renminbi business in Hong Kong and enhancing financial co-operation with the Mainland

We will consolidate Hong Kong's position as a global offshore RMB business hub by capitalising on opportunities arising from the implementation of the National 13th Five-Year Plan and the Belt and Road Initiative. We will be proactive in our discussion with the Asian Infrastructure Investment Bank (AIIB) and the Central Government on the specific arrangements for Hong Kong to join the AIIB as a non-sovereign territory. We will also continue to support the work of the AIIB by leveraging on our financial markets and professional expertise.

We have been all along promoting the mutual access between the financial markets of the Mainland and Hong Kong, and are pleased that the

Dedicated Chapter in the Outline of the 13th Five-Year Plan has reaffirmed the direction of the mutual access to markets of both places. We will continue to work along this direction.

We have also discussed with relevant authorities of the Central Government the launch of the Shenzhen-Hong Kong Stock Connect and the enhancement of the Shanghai-Hong Kong Stock Connect. We are all set with preparatory work and, subject to the announcement of the Central Government, will implement the programme as soon as possible.

(II) Promoting market development

On promoting market development, I would like to give a brief account as below:

(i) Development of financial technologies

We will follow up on the recommendations made by the Steering Group on Financial Technologies, and create a conducive ecology for developing financial technologies. We will discuss the subject at the Panel on Financial Affairs meeting on April 11.

(ii) Bond market

To further promote market development, we plan to launch another iBond issue of up to \$10 billion with a maturity period of three years and issue the third sukuk at an appropriate time.

We will also introduce a pilot scheme to issue Silver Bonds, targeting Hong Kong residents aged 65 or above, with a maturity of three years for the first issuance.

(iii) Talent training

We will take forward a three-year pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector. We hope to roll out the various initiatives in phases starting from the latter half of this year.

(iv) Introducing a corporate rescue procedure

We are drawing up details of legislative proposals for introducing a statutory corporate rescue procedure and insolvent trading provisions, with a view to introducing an amendment bill into LegCo in 2017/2018.

(III) Protection for investors and the general public

I would like to highlight some initiatives.

(i) Enhancing the Mandatory Provident Fund system

We hope that LegCo will enact the Mandatory Provident Fund Schemes (Amendment) Bill 2015 as soon as possible so that scheme members can benefit from the Default Investment Strategy with fee control starting from the end of 2016.

(ii) Establishing an independent Insurance Authority

We have appointed members to the Insurance Authority, which is actively making preparation for taking over the work of the Office of the Commissioner of Insurance. We will continue to maintain communication with the industry to ensure a smooth transition.

(iii) Enhancing protection for borrowers of money lenders

To enhance protection for borrowers of money lenders, we have earmarked additional resources to step up public education. We are also liaising closely with the Police on its enforcement experience, and are reviewing the regulatory and related arrangements to tackle malpractices by financial intermediaries for money lending. We will update the Panel on Financial Affairs on April 11.

(IV) International regulatory requirements

Auditor regulatory reform

On improving the regulatory regime for listed entity auditors, we are preparing an amendment bill and will continue to engage relevant stakeholders on the details of the new regime. Our target is to introduce an amendment bill into LegCo in the next legislative session.

Chairman, my colleagues and I will be happy to answer any questions from Members.

Ends