

## **Transcript of SFST's remarks**

Wednesday, December 1, 2010

Following is the transcript (English portion) of remarks by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a media session today (December 1):

Reporter: As far as hot money is concerned, any steps...?

Secretary for Financial Services and the Treasury: In fact, I'm just trying to explain what is so-called "hot money". How should we analyse it? I do not believe the figure quoted in some news articles is correct -the report shows that HK\$10 trillion of hedge fund money is waiting in Hong Kong for opportunities for investment in the Mainland. I just quoted two figures - firstly, the asset management by Hong Kong-based hedge funds amounts to HK\$500 billion, and secondly, worldwide hedge fund assets, according to an industry survey, is about US\$2 trillion. I give these two numbers for reference.

Reporter: If the numbers are wrong, should there be concern?

Secretary for Financial Services and the Treasury: I also explained in the past the channels for money based in Hong Kong or overseas markets. For the money to be invested in China, they have to go through the regulated channel. For example, asset management companies can only invest in the Chinese market through the QFII quota.

(Please also refer to the Chinese portion of the transcript.)

Ends