

## **Transcript of remarks by Acting FS at media session**

Thursday, October 30, 2014

Following is the transcript of remarks by the Acting Financial Secretary, Professor K C Chan, at a media session this afternoon (October 30):

Reporter: (About QE3)

Acting Financial Secretary: Well, I think of course the termination or the completion of the QE itself will produce a lot of volatility in the market for the world. And we've already seen the exchange rate market volatility as well as the commodity prices volatility. Now, going forward, I believe as the market speculates on the direction of the interest rate increase, as well as the timing of interest rate increases, it will further lead to possible volatility in the fixed income market as well as the stock market, because stock markets worldwide are enjoying high valuations. So far, the Hong Kong market has been doing quite well relative to other markets in the course of this QE exit. But as the markets continue to watch the Federal Reserve action and as trading strategies continue to adapt to a new environment, I believe there could be more volatility for our market in the future.

Reporter: What are the biggest hurdles delaying the start of the Stock Connect with Shanghai?

Acting Financial Secretary: We believe all the preparation works are near completion or largely completed, and I think there is a need for the relevant authorities to look at the whole picture and look at the appropriateness of the timing, and I think we are waiting for that sort of decision to be made.

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

Ends