

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

Thursday, February 11, 2016

Following is a transcript of remarks by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a media session after attending the Lunar New Year market opening ceremony at Hong Kong Exchanges and Clearing Limited today (February 11):

Reporter: (on the linked exchange rate system and capital outflow)

Secretary for Financial Services and the Treasury: The Hong Kong linked exchange rate system is a very credible system. It has been in place for a long time and we are very transparent in the mechanism and of how it works. Also, even if there is any kind of (foreign) exchange market activity that causes Hong Kong Dollar to be changed and therefore capital moving out of Hong Kong, that would not actually affect the way the system operates. So, I think given that we have ample liquidity and a very large aggregated balance in our system, we can actually take a lot of capital movement.

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

Ends