

Speech

Opening remarks by SFST at press conference on Financial Services and the Treasury Bureau policy initiatives in 2014 Policy Address

Friday, January 17, 2014

Following are the opening remarks by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a press conference today (January 17) on policy initiatives of the Financial Services and the Treasury Bureau in the 2014 Policy Address:

Let me summarise in English what I have just said. The Policy Address has highlighted the importance of the financial services industry: 230 000 jobs, 16 per cent of GDP and a growth driver for professional and business services.

While the economic conditions in the US and Europe have improved, the US' tapering of the bond purchases is likely to introduce uncertainties to the world's currency and capital markets. The Government and regulators will stay vigilant, and watch out for developments that would affect the stability of our financial system.

Given the ongoing economic and financial reforms on the Mainland, there will be more opportunities for co-operation between the Mainland and Hong Kong in respect of financial institutions, financial products, capital and talent for the mutual benefits of the two places.

As the world's largest offshore RMB centre having the largest offshore pool of RMB liquidity, we are determined to maintain our competitive edge. We will continue to work on deepening linkages between Hong Kong's and the Mainland's RMB market and we will also strengthen Hong Kong's RMB business links with overseas markets.

We are also working on the asset management side. The Financial Secretary announced last year to extend offshore funds' profits tax exemption and introduce the Open-ended Investment Company (OEIC), and we are making good progress on these two fronts. Consultation for the OEIC regime will take place within this quarter. At the same time, we are also discussing closely with the industry, the legislature and members of the public to extend the profits tax exemption for offshore funds. The changes, when enacted, will allow private

equity funds to enjoy the same tax exemption as other offshore funds.

We are continuing to promote our Islamic finance platform and we are planning to issue the sukuk bonds under the Government Bond Programme.

We are also launching the first stage of public consultation on developing an effective cross-sectoral resolution regime for financial institutions. It will be followed by a further stage of consultation to get the draft legislation ready for LegCo by 2015.

Finally, as a good global citizen, we support tax transparency. Our priority is to expand Hong Kong's network of comprehensive agreements for avoidance of double taxation, namely CDTAs, of which we have 29 now. Meanwhile, we have also enacted legislation in July last year so we can follow the latest international standard on exchange of information with other jurisdictions. Hong Kong is now able to enter into standalone agreements with other jurisdictions where necessary.

I am happy to take your questions. Thank you.

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