

2009-2010 Policy Address by the Chief Executive (paragraphs 12 to 14)

financial security. The Financial Secretary will formulate specific plans along the following direction:

- (1) To build on our strength as an international market and enhance the quality and competitiveness of our market to attract international talent, capital, financial institutions and products;
- (2) To strengthen our role as the testing ground for the liberalisation of our country's capital account and the regionalisation and internationalisation of the RMB, and to build a market offering a broad range of RMB products and services;
- (3) To leverage on the "early and pilot implementation" policy to enhance the two-way flow of financial institutions, financial products, capital and talent between Hong Kong and the Pearl River Delta (PRD) region;
- (4) To serve as Mainland enterprises' preferred capital raising centre outside the Mainland, providing equity listing, bond issuance, international asset management and hedging services. In this regard, Hong Kong can act as the bridgehead for Mainland enterprises to go international; and
- (5) To strengthen the links between the Mainland and Hong Kong financial markets in the areas of financial market infrastructure, information sharing, and regulatory co-operation to enhance the financial security of cross-border capital flows.

Financial Regulation

12. Hong Kong's financial market has been buffeted by the global financial tsunami since September last year. The collapse of Lehman Brothers triggered the minibond incident. Now, the vast majority of the eligible minibond holders have accepted the settlement offer. Our financial market is gradually emerging

from the shadow of the crisis and moving ahead on the road to recovery. With the experience gained, we will seek to further achieve the two main objectives of investor protection and financial security when formulating policies on financial regulation.

13. To better protect investors, we will canvass the views of the parties concerned on the regulatory regime and the entire sales process of investment products. We aim to strengthen investor protection in every aspect, from investor education, authorisation of investment products, disclosure requirements, sales practices, conduct of intermediaries to financial disputes resolution. Some of these measures have been implemented while some are undergoing or will undergo public consultation.

14. The local financial system has emerged from this global financial crisis without any systemic problems, thanks to our robust regulatory regime. Nevertheless, the G-20 and international regulatory bodies, having learnt lessons from the crisis, have proposed a series of measures to enhance the regulation of financial institutions and markets. Together with the regulators, we shall continue to improve our regulatory regime, taking into account global financial developments and local market needs.

Tourism

15. In the field of tourism, we are actively discussing with the Central Authorities measures to facilitate Mainland visitors travelling to Hong Kong. In April this year, the Mainland authorities introduced a one-year multiple-entry Individual Visit Scheme endorsement for Shenzhen residents to visit Hong Kong. The new arrangement has been well received. By end-September, about 740 000 visitors had travelled to Hong Kong with the new endorsement.

16. In view of the great potential of the cruise industry in the Asia-Pacific region, we are pressing ahead with the construction of the new cruise terminal at Kai Tak to ensure that the first berth will commence operation in mid-2013. At the same time, we are