


**Work of the Financial Services
Development Council**

13 April 2015




Financial Services Development Council 金融發展局


Introduction

- Background
- Work progress since 2014
- Work plan for 2015/16

2



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Background

3

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Background

- Established in January 2013 as a high-level cross-sectoral advisory body
- Briefed the LegCo Panel on Financial Affairs on 4 February 2013 and 6 January 2014

4

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Background


- Five committees
 - Policy Research
(Convenor : Mr Laurence Li)
 - Mainland Opportunities
(Mr Qin Xiao)
 - New Business
(Mrs Florence Yip)
 - Market Development
(Mr Benjamin Hung)
 - Human Capital
(Mr Joe Ngai)



Background

- Secretariat supported by
 - staff deployed/seconded from the Financial Services and the Treasury Bureau, HKMA, HKTDC and SFC
 - deployment of existing resources from within Government
 - arrangement will be reviewed this year





Work Progress Since 2014

7

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Work Progress Since 2014

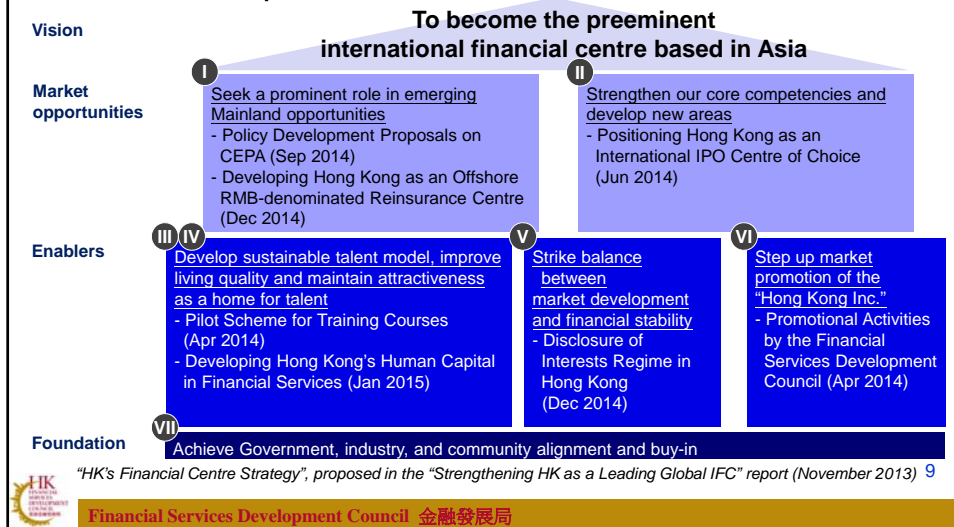
- Three key areas
 - conducted studies and collaborated with the industry to draw up proposals and findings for the Government
 - promotion and industry engagement
 - initiatives to help nurture human capital

8

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Work Progress Since 2014 – Research and Reports

- Seven reports released since 2014



Work Progress Since 2014 – Research and Reports

- “Policy Development Proposals on CEPA”
 - negative list concept
 - cross-location bank sub-branches / wholly-owned insurance agencies beyond Guangdong
 - easier entry for securities/futures companies and introducing brokers
 - distributing in the Mainland open-ended funds investing in HK-listed stocks
 - mutual recognition of funds
 - concessions for insurers to form joint ventures and invest in the Mainland

Work Progress Since 2014 – Research and Reports

- “Developing Hong Kong as an Offshore RMB-denominated Reinsurance Centre” : to contribute to RMB internationalisation and Mainland insurers’ exposure diversification
 - specific and recyclable RQFII bond quota for Hong Kong-based reinsurers
 - encourage Hong Kong-based reinsurers and brokers to transact RMB reinsurance
 - promoting Hong Kong to overseas reinsurers and large financial corporations



Work Progress Since 2014 – Research and Reports

- “Positioning Hong Kong as an International IPO Centre of Choice” : to enhance our IPO platform to attract more overseas companies
 - distinct market segmentation and a hub for issuers in specific industries
 - accommodate innovations in shareholding and management structure subject to appropriate safeguards



Work Progress Since 2014 – Research and Reports

- “Positioning Hong Kong as an International IPO Centre of Choice” (con’t)
 - review procedural issues (e.g. settlement cycle, clawback mechanism and cornerstone investments)
 - other issues relevant to overseas issuers (e.g. public filing safe harbours, cross-border regulatory enforcement, taxation, shareholders’ recourse and uncertificated securities)



Work Progress Since 2014 – Research and Reports

- “Pilot Scheme for Training Courses” / “Developing Hong Kong’s Human Capital in Financial Services” : Hong Kong should have a first-class talent pool, but difficulty in recruiting both new graduates and seasoned employees
 - understanding of career options
 - better equip aspiring professionals
 - engage industry professionals and practitioners in training



Work Progress Since 2014 – Research and Reports

- “Disclosure of Interests Regime in Hong Kong” :
proposal to simplify the disclosure regime and
enhance investing public’s understand of
disclosure filing
 - technical recommendations (e.g.
streamlining and better aligning disclosure,
and considering decriminalising breaches)
 - to contemplate whether a comprehensive re-
write of the regime is warranted



Work Progress Since 2014 – Research and Reports

- Promotional Activities by the Financial Services
Development Council
 - support and co-sponsor a number of key
promotional events (e.g. Asian Financial
Forum, Think Asia, Think Hong Kong, and
periodic background briefing to media)
 - collaboration and coordination with other
stakeholders



Work Progress Since 2014 – Research and Reports

- FSDC welcomes development on a number of subjects covered by its reports over the past two years, including –

Renminbi (RMB) business

- October 2014 : operating hours of RMB clearing services further extended to 20.5 hours daily to cover both Europe and the Americas



Work Progress Since 2014 – Research and Reports

RMB business (con't)

- November 2014
 - authorised institutions may initiate repo transactions with HKMA to obtain intraday RMB funds
 - Shanghai-Hong Kong Stock Connect launched
 - RMB20,000 per day conversion limit for Hong Kong residents removed



Work Progress Since 2014 – Research and Reports

Asset management

- August 2014 : revised REIT Code allows real estate investment trusts to invest in property development activities
- March 2015 : bill introduced into LegCo to allow private equity funds to enjoy profits tax exemption available to offshore funds



Work Progress Since 2014 – Research and Reports

Fund raising platform

- August 2014 : HKEx published concept paper on weighted voting rights

Human capital

- February 2015 : 2015-16 Budget allocated \$100 million to nurture talent for insurance and asset & wealth management services



Work Progress Since 2014 – Promotional Activities

- FSDC sponsored/participated in flagship events and campaigns organised by the government and HKTDC

Asian Financial Forum 2014 and 2015
(13-14 January 2014/19-20 January 2015, Hong Kong)



Pan-PRD • Hong Kong Trade Symposium
(12 October 2014, Guangzhou)



Boao Forum for Asia Annual Conference 2014
(8-11 April 2014, Boao)



Think Asia, Think Hong Kong
(28 October 2014, Paris)

21



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Work Progress Since 2014 – Engagement Activities

- Continued to engage relevant local, Mainland and overseas bodies

Local

- | | |
|--|--|
| ✓ Hong Kong Association of Banks | ✓ Hong Kong Investment Funds Association |
| ✓ Hong Kong Securities Professionals Association | ✓ Banking Industry Training Advisory Committee |
| ✓ Hong Kong Federation of Insurers | ✓ Hong Kong Federation of Trade Unions |

22



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Work Progress Since 2014 – Engagement Activities

- Continued to engage relevant local, Mainland and overseas bodies (con't)

Mainland

- ✓ China Securities Regulatory Commission
- ✓ People's Government of Guangdong Province
- ✓ People's Bank of China
- ✓ State-owned Assets Supervision and Administration Commission

Overseas


- ✓ ASEAN Bankers Association
- ✓ European Chamber of Commerce and Financial Services Business Council
- ✓ International Capital Market Association
- ✓ Paris EUROPLACE



Work Progress Since 2014 – Human Capital Initiatives

- 2014 : consulted around 30 industry organisations and received survey responses from 90 financial companies to prepare the “Developing Hong Kong’s Human Capital in Financial Services” Report
- 9 November 2014 : first FSDC Career Day for university students and young graduates to better understand career choices in the industry





Work Plan for 2015/16

25

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Work Plan for 2015/16

Three main areas

- 1) Proposals to explore opportunities that reinforce Hong Kong's competitiveness

Specific topics

- operational and tax environment for the industry (e.g. booking model for financial transactions and clarification of certain tax issues)
- opportunities arising from Mainland enterprises "going global"

26

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Work Plan for 2015/16

Three main areas (con't)

Specific topics (con't)

- implications of Mainland's reforms and development (e.g. RMB business, Free-trade zones and the 13th Five-year Plan)
- asset management business (e.g. limited partnership for private equity funds, exchange-traded fund market and fund distribution activities)



Work Plan for 2015/16

Three main areas (con't)

2) Promotion – partnership with HKTDC and other stakeholders

- participate in flagship events
 - ✓ Think Asia, Think Hong Kong (10 June 2015, Chicago)
 - ✓ In Style . Hong Kong (17 September 2015, Jakarta)
 - ✓ Asian Financial Forum (18-19 January 2016, Hong Kong)
- co-organise other promotional events in the Mainland and overseas with HKTDC



Work Plan for 2015/16

Three main areas (con't)

- 3) Talent : enhancing graduates' understanding of career options in the industry
- second FSDC Career Day in November 2015
 - career talks at university campuses by practitioners
 - competition on designing a “career in finance” website



Thank you

