



7 March 2013

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Clerk to Bills Committee on Inland Revenue and Stamp Duty Legislation  
(Alternative Bond Schemes) (Amendment) Bill 2012  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Sir/Madam,

**Re: Bills Committee on Inland Revenue and Stamp Duty Legislation  
(Alternative Bond Schemes) (Amendment) Bill 2012**

The Treasury Markets Association (TMA) has been following with interest the HKSAR Government's initiatives to develop Islamic finance in Hong Kong over the past few years.

It is encouraging to see the introduction of this Bill into the Legislative Council to facilitate the development of a sukuk market here. We agree that the proposed amendments to the Inland Revenue Ordinance and the Stamp Duty Ordinance would help provide a level playing field between sukuk and conventional bonds.


In general, we believe that the Bill accurately reflects the key features of the five types of sukuk and we support the adoption of a prescriptive and religion-neutral approach in the legislation, which has also been adopted in the United Kingdom and other jurisdictions.

In particular, we note that the coverage of the Bill has now been expanded to also accommodate the Wakalah structure (agency arrangement), an increasingly popular sukuk structure in the market in recent years, which we commend.

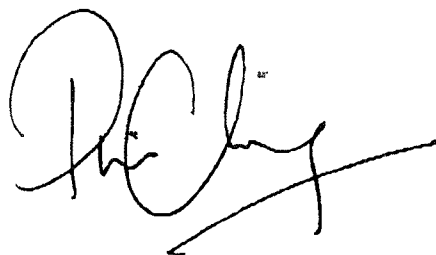
From a market perspective, we hope that the Bill will be passed soon so that market players can sooner make use of Hong Kong's financial platform to issue sukuk. Given the progress made in this area in other financial centres, it is important that Hong Kong not lag too far behind so that it remains competitive as an international financial centre.

Please do not hesitate to contact us if you require any clarification on the above.

Yours faithfully,



Justin Chan  
Chairman  
Market Development Committee



Pius Chong  
Convenor  
Working Group on Development of  
Islamic Finance in Hong Kong