

**The FSDC's Comments to the Subcommittee on Proposed Resolution under
Section 3(1) of the Loans Ordinance (Cap. 61)**

The FSDC supports the Government to issue green bonds under the Government Green Bond Programme (the "Programme").

FSDC Report

The FSDC was established by the Government in January 2013 in response to the financial services industry's call for a high-level government advisory body to support the sustained development of the industry. The FSDC engaged the industry and formulated proposals to promote the development of green finance in Hong Kong. In its report "*Hong Kong as a Regional Green Finance Hub*" published in May 2016, the FSDC has made near-term and medium-term recommendations. The Programme is consistent with the FSDC's recommendation for the Government to issue benchmark green bonds.

Benefits to Hong Kong

Green bond presents a significant opportunity for Hong Kong to build its bond and project finance markets, providing numerous benefits from increased employment to growth in the investment management, derivative, insurance and private equity industries. Furthermore, the issuance of government green bonds would send a clear statement of intent regarding the Government's commitment to Hong Kong emerging as Asia's pre-eminent green bond market, build confidence in local technical capabilities and showcase Hong Kong's strong and liquid private sector bond market.

Professions benefited from green bond issuance

The issuance of green bonds involves green certification and verification and legal scrutiny and documentation, which would benefit professional services such as legal and accounting. Proceeds from green bonds could be ear-marked for deployment towards a range of public infrastructure projects, which would stimulate the growth of the construction industry. Construction-related professions such as architects, engineers and estate agents would be indirectly benefited. The FSDC believes the Programme would help to build a vibrant green finance industry, which would enhance Hong Kong's reputation as a leading international financial centre.

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