

LCQ13: The Financial Services Development Council

Following is a question by the Hon Carmen Kan and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (June 5):

Question:

The Government established the Financial Services Development Council (FSDC) in 2013 as a high-level and cross-sectoral advisory body to engage the industry and formulate proposals to promote the further development of Hong Kong's financial services industry. In this connection, will the Government inform this Council:

(1) given that with effect from September 2018, FSDC has been incorporated as a company limited by guarantee without any policy execution or statutory functions, whether the authorities will consider changing its organisation to that of a statutory body and vesting it with the necessary powers and functions to better discharge its mission; if so, of the details; if not, the reasons for that;

(2) given that the terms of reference of FSDC include conducting policy research and industry surveys, as well as formulating proposals to the Government and regulators, of the following information about the relevant work of FSDC each year since 2018 (set out in a table by scope): (i) the number and subject of policy research and industry surveys conducted and (ii) the numbers of proposals submitted to and accepted by the Government and regulators, as well as the adoption rate;

(3) regarding the accepted proposals as mentioned in (2), of the mechanism put in place by FSDC to follow up on the implementation of such proposals mooted in its research reports; regarding the rejected proposals, whether FSDC has logged the reasons for rejection; if so, of the details; if not, the reasons for that;

(4) whether FSDC has conducted research on enhancing Hong Kong's status as an international financial centre, particularly in facilitating the securitisation of Mainland enterprises or assets, so that Hong Kong becomes an important platform for Mainland enterprises to "go global" and raise funds in various ways; if so, of the details; if not, the reasons for that;

(5) whether FSDC has proactively worked with regulatory and trade bodies to identify new opportunities for, and any constraints on, the sustainable growth and diversity of the financial services industry; if so, of the details; if not, the reasons for that; and

(6) of the annual number of seminars, roadshows and visits outside Hong Kong

organised, as well as international events participated by FSDC since 2018 for the sake of promoting Hong Kong's financial services industry to Mainland authorities and overseas organisations, as well as identifying more development opportunities for Hong Kong, together with a tabulated breakdown by place where such activities were held?

Reply:

President,

In consultation with the Financial Services Development Council (FSDC), the reply to the various parts of the question is as follows:

(1) The FSDC was established in 2013 by the Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of Hong Kong's financial services industry and to map out the strategic development directions. The FSDC's incorporation as a company limited by guarantee in September 2018 aims to provide flexibility for discharging its functions and leveraging its unique position to engage with stakeholders in promoting the sustained development of the financial services industry. As the FSDC's current organisational setup enables the effective delivery of its functions, we have no plan at this stage to organise the FSDC as a statutory body. We will examine the resources, scale and mode of operation of the FSDC from time to time in continuing to promote industry development.

(2) and (3) One of the FSDC's key objectives is conducting policy researches, with the aim to facilitate in-depth exploration of issues conducive to the development of the financial services industry in Hong Kong and make recommendations for consideration by the Government, regulators, industry and relevant stakeholders. In this respect, the FSDC exchanges views with industry representatives and professional organisations from time to time concerning the latest market developments. From 2018-19 to 2023-24, the FSDC published 29 research reports, as detailed in Annex and the table below:

Year	Number of reports issued	Number of recommendations made	Number of recommendations adopted	Adoption rate
2018-19	5	30	25	83%
2019-20	3	3	2	67%
2020-21	6	21	10	48%
2021-22	5	23	15	65%
2022-23	5	23	10	43%
2023-24	5	30	15	50%

The FSDC's recommendations cover short, medium and long-term objectives. The time needed by the Government, regulators, industry, etc, for detailed

deliberation, preparation and implementation of the recommendations varies. The FSDC will continue to take forward its recommendations through ongoing and systematic engagement with stakeholders, with a view to enhancing the business environment for the financial services industry.

(4) One of the FSDC's research foci is strengthening Hong Kong's position as the leading hub connecting the Mainland and the rest of the world. In recent years, the FSDC has been focusing on examining how to enhance Hong Kong's capital market and fund raising capabilities, thereby consolidating Hong Kong's position as an important gateway for supporting Mainland corporations in their global expansions while attracting overseas capital to the Mainland market. For example, the FSDC published a report titled "Hong Kong as an International Financial Centre – Enhancement of Hong Kong's IPO offerings" in March 2022, proposing the expansion of listing channels for innovative pre-revenue companies to meet the financing needs of small and medium enterprises, which was supported by the Government and stakeholders. The Hong Kong Exchanges and Clearing Limited introduced a new listing regime for specialist technology companies in 2023.

With a view to enhancing Hong Kong's position as an international financial centre, the FSDC published a report titled "Observations on Market Liquidity Enhancement" in August 2022. The key recommendations included facilitating market makers and exchange-traded funds to deliver more comprehensively their market function as liquidity providers. The FSDC published another report titled "Enhancing Market Liquidity and Diversity: Enhancing Hong Kong's Competitiveness as an International Capital Formation Centre" in August 2023, putting forward proposals to enhance the liquidity and diversity of the capital market (including revising the stamp duty on stock transfers). Many recommendations have been implemented. Examples include the launch of "Hong Kong Dollar-Renminbi Dual Counter Model" and the reduction of the stamp duty on stock transfers.

The FSDC's researches also cover various areas of the financial market in the Mainland and the relations with Hong Kong. For example, the FSDC released a report titled "Accelerating Offshore RMB (Renminbi) Market Development: Enriching Hong Kong's Offerings as an International Financial Centre" in March 2024, in which the recommended directions are in line with the five measures announced by the China Securities Regulatory Commission in April to expand the mutual market access between the capital markets of the Mainland and Hong Kong.

(5) The FSDC collaborates closely with public and private organisations as well as stakeholders to jointly explore new development opportunities and challenges of the financial services industry. In 2023-24, the FSDC participated in more than 200 industry meetings, engaging in continuous exchange of views and collaboration with the Government, regulators, industry organisations, etc.

With emerging and diversified financial trends, the opportunities brought by the development of virtual assets and Web3 in recent years have attracted industry attention. The FSDC has since 2021 been examining the

development potential and market dynamics of virtual assets and Web3, proactively facilitating discussions among the industry, the Government and relevant regulators. The FSDC also published a report titled "Realising the Potential of Blockchain in Advancing Hong Kong's Financial Services Industry" in March 2024, focusing on exploring the potential of blockchain technology in bolstering the development of the financial services industry in Hong Kong, particularly in the business-to-business context.

In addition, the FSDC also published a report titled "Family Wisdom: A Family Office Hub in Hong Kong" in July 2020, aiming to enhance Hong Kong's strengths as a family office hub. The recommendations have been adopted and implemented by the Government, including providing profits tax concessions for family-owned investment holding vehicles managed by single family offices in Hong Kong, and establishing the Hong Kong Academy for Wealth Legacy to provide a platform for collaboration, networking, knowledge sharing and talent training.

(6) The FSDC has been showcasing globally the strengths and opportunities of Hong Kong as an international financial centre, leveraging its professional network and unique position as an industry advisory body. From 2018-19 to 2024-25, the FSDC has organised or participated in a total of 138 seminars, road shows, external visits and other international activities as detailed in the table below:

Number of seminars, roadshows, external visits other international activities (by area) organised and participated in by the FSDC								Total
Year	Hong Kong	Mainland	Asia	Middle East	Europe	North America	Africa	
2018-19	5	2	1	0	0	0	0	8
2019-20	7	2	1	0	0	1	0	11
2020-21	10	4	1	0	2	0	0	17
2021-22	13	3	2	0	2	1	0	21
2022-23	12	3	1	0	3	1	1	21
2023-24	39	11	0	1	1	1	0	53
2024-25 (as of end-May 2024)	5	1	0	1	0	0	0	7

[LCQ18: Municipal solid waste charging](#)

Following is a question by the Hon Paul Tse and a written reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative

Council today (June 5):

Question:

It has been reported that in response to municipal solid waste charging (MSW charging), of which the implementation was originally intended for April 1 and subsequently deferred to August 1 this year, the management fees of quite a number of single-block buildings and large-scale housing estates in Hong Kong have been substantially increased, hence adding to the expenditure burden on members of the public. In this connection, will the Government inform this Council:

(1) whether it has compiled statistics on the number of buildings and housing estates across the territory where the management fees have been pre-emptively adjusted upwards in response to MSW charging; if so, of the details; if not, whether it will expeditiously compile such statistics;

(2) whether it has made any prediction on the number of buildings and housing estates among those mentioned in (1) where the management fees will and will not be restored to the original levels once the Government shelves MSW charging;

(3) amid allegations that MSW charging is "ill-considered", "a pointless endeavour", and causing nuisance to the public (adding to their burden even before implementation), whether the authorities will consider advising the owners' committees and owners' corporations of the buildings and housing estates where additional management fees have been pre-emptively charged in response to MSW charging that they should appropriately adjust the management fees downwards; and

(4) whether the Government will consider an appropriate downward adjustment to rates, partial payment of Government rent, or introduction of other financial support measures as a means to alleviate the expenditure burden on those members of the public who have to pay extra management fees as a result of MSW charging?

Reply:

President,

My consolidated reply to the question raised by the Hon Paul Tse is as follows:

The Deputy Chief Secretary for Administration announced at the joint meeting of the Panel on Environmental Affairs and Panel on Food Safety and Environmental Hygiene of the Legislative Council on May 27, 2024 that the implementation of municipal solid waste (MSW) charging on August 1, 2024 would be suspended, and a series of work would be pursued in the meantime, including the enhancement of recycling support, strengthening of public education and publicity, as well as a review on how to enhance the MSW charging scheme. The Government would keep in view the progress of various

work and assess the level of participation of the public towards reducing MSW.

We note that some members of the public have expressed concerns towards the raising of property management fee by their property management companies (PMCs) on the grounds of implementing MSW charging. The Property Management Services Authority (PMSA) issued a notice to all licensed PMCs (www.pmsa.org.hk/en/press-release/20240126) on January 26, 2024 reminding them to explain to the owners' organisations, owners and clients, in accordance with the "General Code of Conduct" issued by the PMSA, how the handling fee relevant to MSW charging for the residents to be charged is calculated, including the specific disposal arrangements, the fee elements involved, and the fee needs to be paid to third parties (e.g. cleansing service contractors) if applicable, in order to facilitate the owners' organisations, owners and clients to understand the matter and make decisions on the implementation arrangements. The PMSA also reminded PMCs that, if property management fee is to be adjusted due to various reasons, they should explain the adjustment clearly to the owners' organisations, owners and clients in accordance with the "General Code of Conduct" to avoid misunderstandings.

Following the suspension of MSW charging, the PMSA has issued another notice (www.pmsa.org.hk/en/press-release/20240527) to all the licensed PMCs on May 27, 2024, reminding them that if the preparation for MSW charging was one of the factors for adjusting the property management fee, following the suspension of the implementation, the owners' organisations, owners, and clients and the PMCs should discuss together on whether any corresponding adjustment should be made, or whether the increased fee should be transferred to the management fund to cover future repair and maintenance, or be retained for future implementation of MSW charging, or be refunded to the residents. The PMSA encourages PMCs to consult owners' organisations, owners and clients to address these issues and provide appropriate and clear explanations accordingly.

LCQ21: Flight safety of civilian passenger aircraft

Following is a question by Dr the Hon Hoey Simon Lee and a written reply by the Acting Secretary for Transport and Logistics, Mr Liu Chun-san, in the Legislative Council today (June 5):

Question:

It has been reported that a number of incidents involving passenger aircraft designed and manufactured by The Boeing Company (Boeing) have

occurred in recent years, and some overseas aviation authorities have pointed out that there are deficiencies in the quality and design of Boeing 737 MAX and Boeing 787 passenger aircraft, and that Boeing 737 MAX passenger aircraft have even been grounded by aviation authorities of a number of countries recently. In this connection, will the Government inform this Council:

- (1) whether at present it has prohibited Boeing 737 MAX passenger aircraft from flying over Hong Kong;
- (2) whether at present it has imposed any additional requirements on overseas-registered Boeing 737 MAX passenger aircraft when they apply for entry into Hong Kong, and whether it has put forward any rectification requirements to Hong Kong-based airlines which own Boeing 737 MAX passenger aircraft, so as to ensure flight safety of such aircraft model;
- (3) whether it has compiled statistics on the models of passenger aircraft currently used by Hong Kong-based airlines;
- (4) whether it has assessed the possible impact of a total ban on the arrival of Boeing 787 or Boeing 737 MAX passenger aircraft on Hong Kong's air capacity; and
- (5) whether it has looked into and followed up the quality issues of aircraft models designed and manufactured by Boeing?

Reply:

President,

The Civil Aviation Department (CAD), as the regulator of civil aviation affairs, has been strictly regulating the operational safety and airworthiness of all aircraft registered in Hong Kong in accordance with the Air Navigation (Hong Kong) Order 1995 (Cap. 448C) and the requirements of the International Civil Aviation Organization (ICAO) in order to safeguard aviation safety. The statutory requirements and airworthiness standards adopted in Hong Kong are in line with international standards. In accordance with the requirements of the Annex to the Convention on International Civil Aviation, the civil aviation authority of the State of Design (SoD) shall confirm the continued airworthiness of the aircraft type, while the civil aviation authority of the State of Registry (SoR) shall be responsible for overseeing the safe operation of the aircraft registered in the State. The approving authority of the SoD shall also provide the relevant information on continued airworthiness to the civil aviation authority of the SoR, so that the latter can formulate detailed safety regulations to govern the safe operation of aircraft.

In consultation with the CAD, the reply to the Hon Lee's question is as follows:

- (1), (2) and (5) As a precautionary measure, the CAD had temporarily prohibited all Boeing 737 MAX aircraft from entering, leaving or overflying Hong Kong from March 13, 2019 onwards. Subsequently, the Federal Aviation

Administration of the United States (FAA) (i.e. the type-certification authority of Boeing 737 MAX), after conducting detailed investigation and flight test prior to flight resumption, issued an airworthiness directive in November 2020 on the relevant corrective measures (including aircraft design, operational procedures and training of pilots). Making reference to international practices and having assessed the relevant corrective measures issued and endorsed by the FAA, starting from January 2022, the CAD decided that Boeing 737 MAX aircraft that fully comply with the safety standards and have completed the relevant corrective measures would be allowed to enter Hong Kong's airspace.

According to the the CAD's records, there are currently no Boeing 737 MAX aircraft registered in Hong Kong.

To ensure the safe operation of all Boeing aircraft registered in Hong Kong, the CAD has been highly concerned about the relevant investigations involving Boeing aircraft as well as the latest information on regulatory bodies, and has maintained close liaison with the approving authorities and aircraft manufacturers through various channels. The CAD assesses from time to time the impact of any latest development on locally registered Boeing aircraft and requires local airlines to conduct comprehensive assessments and take appropriate follow-up actions, including inspecting their fleets as appropriate and in a timely manner.

In addition, in order to strengthen the safety oversight of foreign-registered aircraft, the CAD will continue to conduct safety assessment inspections on foreign-registered aircraft under a risk-based principle to ensure that aircraft operating in Hong Kong comply with international safety standards.

(3) Statistics on the types of passenger aircraft used by Hong Kong-based airlines as at March 28, 2024 are as follows.

Aircraft Type	Number
Airbus A320	60
Airbus A330	59
Airbus A350	48
Boeing 737	8
Boeing 777	55

(4) During the period from March 26, 2023 to March 30, 2024 (i.e. 2023 Summer and 2023 Winter seasons), the number of passenger flights operated by Boeing 787 or Boeing 737 aircraft accounted for about 13 per cent of the total number of passenger flights at Hong Kong International Airport.

At present, major civil aviation authorities such as the Civil Aviation Administration of China and the European Union Aviation Safety Agency have not imposed any flight ban on Boeing 787 or Boeing 737 aircraft. The CAD will

continue to closely monitor the development of the incident and the airworthiness recommendations issued by the civil aviation authorities, make timely assessment and take appropriate measures to ensure aviation safety in Hong Kong.

HKSAR Government launches new TV announcements to invite global talent to settle in Hong Kong (with photos/video)

The Hong Kong Special Administrative Region Government today (June 5) launched a new set of TV Announcements in the Public Interest (APIs) to appeal to talent across professions on the Mainland and overseas to settle in the city.

A spokesman for Hong Kong Talent Engage (HKTE) said that the new APIs feature the city's vibrant and colourful lifestyle, followed by nine arriving talents of different professions and backgrounds from around the world to share their reasons why they came to Hong Kong.

Among them, in the first episode of the APIs launched today, former National Basketball Association (NBA) of the United States and Chinese Basketball Association (CBA) player Stephon Marbury said that Hong Kong, as an international cultural melting pot, is a "slam dunk" for new opportunities without language barriers. Hong Kong is also a gourmet paradise which features culinary delights from all over the globe.

The API episodes will be broadcast in phases. The unique strengths, advantages and development opportunities of Hong Kong as an international financial centre, an international shipping centre, an international innovation and technology centre, a regional intellectual property trading centre, a core city of the Guangdong-Hong Kong-Macao Greater Bay Area, a mega-events capital, a liveable city and Asia's world city with a simple tax regime, top-quality education and medical services will be featured, showcasing Hong Kong's dual role as an international talent hub and the country's gateway for talent.

The APIs will be broadcast in Hong Kong and beyond through the Dedicated Teams for Attracting Businesses and Talents under the Government's Mainland Offices and overseas Economic and Trade Offices. The first episode has been uploaded to HKTE's website (www.hkengage.gov.hk/en/media/category/stories/) and social media.



LCQ7: Immigration arrangement for cats and dogs

Following is a question by the Hon Maggie Chan and a written reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative Council today (June 5):

Question:

Under the Rabies Regulation (Cap. 421A), all dogs over the age of five months must be microchipped, and the pet microchips used in Hong Kong are AVID microchips. On the other hand, it is learnt that currently the Mainland and overseas countries generally recognise ISO pet microchips. Since the formats and the microchip readers of the two types of microchips are different, dogs implanted with ISO microchips entering Hong Kong from abroad must be rechipped with AVID microchips, while dog owners planning to bring dogs to the Mainland must have their dogs implanted with ISO microchips. In this connection, will the Government inform this Council:

(1) to facilitate dog owners going north to the Mainland or emigrating overseas with their pets, and to promote the internationalisation of Hong Kong's pet microchip standards, whether the Government has plans to amend the relevant regulation for the purpose of switching to ISO microchips in Hong Kong; if so, of the implementation timetable; if not, the reasons for that; and

(2) given that the Government indicated in March this year that it was exploring the feasibility of shortening the present quarantine period of no less than 120 days for cats and dogs imported from some Group III places by measures such as rabies vaccination and rabies antibody titer testing, whether the Government has formulated a specific timetable for the related study; if so, of the latest work progress, and the expected time when the relevant measures will be rolled out; if not, the reasons for that?

Reply:

President,

My reply to the question from the Hon Maggie Chan is as follows:

(1) To effectively prevent and control the spread of rabies, since 1996, the Agriculture, Fisheries and Conservation Department (AFCD) has required all dogs aged over five months to be implanted with AVID microchips as identification under the Rabies Regulation (Cap. 421A). These microchips serve to verify whether a dog is licensed and vaccinated. In the event of a dog getting lost, the microchip can assist the owner in locating their dogs.

The quality and traceability of AVID microchips are well recognised internationally, and they are used in other countries and regions. If dog owners need to implant their dogs with an additional International Organization for Standardization standard microchip (ISO microchip), it will not affect the health of the dogs.

Considering the widespread use of ISO microchips in the Mainland and many other countries and regions, the AFCD is currently proactively studying the introduction of ISO microchips into Hong Kong and will consult stakeholders, with a view to amending the Rabies Regulation within next year to implement the arrangements.

(2) Rabies is a contagious disease that can cause fatality to mammals (including humans) and its incubation period can last several months. No specific treatment is available and rabies is almost always fatal once clinical signs appear. Nearly 60 000 people die of rabies globally every year.

To safeguard public health, the AFCD must take suitable measures to prevent the transmission of animal diseases including rabies into Hong Kong. The AFCD made reference to information about animal disease surveillance from the World Organisation for Animal Health and currently requires cats and dogs imported from places with a higher or uncertain risk of rabies to be quarantined for at least 120 days. As biotechnology has developed in recent years, the AFCD is exploring the feasibility of shortening the quarantine period for cats and dogs imported from certain places with higher risk of rabies, by measures such as rabies vaccination and rabies antibody titer testing. The study is in its final stage, and we will next explore the implementation details, including discussing arrangements with places concerned, with the aim of rolling out the testing arrangements as soon as possible.