

HKSAR Government expresses gratitude for country's support to further expand mutual access between capital markets of Mainland and Hong Kong and to listing of leading Mainland enterprises in Hong Kong

The China Securities Regulatory Commission (CSRC) issued an announcement today (April 19) about a series of measures to further expand the mutual access between the capital markets of the Mainland and Hong Kong. The measures include (i) expanding the eligible product scope of equity exchange-traded funds (ETFs) under Stock Connect, (ii) including real estate investment trusts (REITs) under Stock Connect, (iii) supporting the inclusion of Renminbi (RMB) stock trading counter under Southbound trading of Stock Connect, (iv) enhancing the arrangements for mutual recognition of funds, and (v) encouraging leading enterprises of industries in the Mainland to list in Hong Kong. The Hong Kong Special Administrative Region (HKSAR) Government warmly welcomes the measures and would like to express sincere gratitude to the Central People's Government for the unwavering support to Hong Kong.

The Chief Executive, Mr John Lee, said, "The measures announced today are important initiatives to support the further development of Hong Kong's financial markets, increase the number of attractive investment products, provide more investment opportunities to domestic, Mainland and overseas investors, and enhance Hong Kong's status as an offshore RMB business centre. I would like to express my sincere gratitude to the Central People's Government and relevant ministries for their tremendous support for the development of Hong Kong's financial markets. Mr Xia Baolong said in the opening ceremony of National Security Education Day, "As long as Hong Kong asks, the motherland will surely respond. No matter what difficulties and challenges Hong Kong encounters, the backing and support from the motherland will only increase and will not weaken." This further expansion of mutual access between the financial markets of the Mainland and Hong Kong encapsulates our country's firm support for Hong Kong to enhance its status as an international financial centre and fully demonstrates our country as the biggest backing for the development of Hong Kong's financial industry. The HKSAR Government will continue to enhance the competitiveness of Hong Kong's financial markets, proactively contribute to our country's development as a financial powerhouse, commit to our international characteristics, and increase the impetus for growth."

The Financial Secretary, Mr Paul Chan, said, "Each of the measures to expand the mutual market access will further strengthen Hong Kong's role to connect the Mainland and international capital markets, enable us to better

perform our function as a unique platform for attracting capital and high-quality enterprises from both directions, enrich the asset allocation options for Mainland and international investors, and provide more investment options for offshore RMB, thereby contributing to the steady and prudent advancement of RMB internationalisation. Our country's support for leading Mainland enterprises of industries to list in Hong Kong will benefit Hong Kong's initial public offering market. The increase of listed companies with long-term growth and return potential in Hong Kong will also drive the development of our secondary market. The further expansion of product coverage under mutual market access will broaden investment options for domestic, Mainland and overseas investors and facilitate their asset allocation. This will attract more capital to the Mainland and Hong Kong markets and benefit long-term market development. Moreover, enabling Mainland investors to trade Hong Kong stocks using RMB through the Southbound trading of Stock Connect will enhance the investment function of RMB offshore."

Mr Chan continued, "We would like to express our sincere gratitude to the Central People's Government for the strong support, and the relevant Mainland ministries and institutions for their collaboration and assistance. We will closely liaise with the ministries and institutions to implement the measures as soon as possible. In parallel, we will take forward relevant supporting measures at full speed, including waiving the stamp duty payable on the transfer of REIT units, extending the Grant Scheme for Open-ended Fund Companies and Real Estate Investment Trusts, enhancing the regulatory regime for collective investment schemes and REITs, etc. Furthermore, we will strengthen our efforts to attract enterprises and open up new capital sources, and enhance the development momentum of Hong Kong's financial markets continuously."

According to the announcement, the regulators of the two places will work together towards the early implementation of the measures mentioned above.