

HKSAR Government expresses gratitude for national support for further expanding mutual access between Mainland and Hong Kong financial markets

Vice Chairman of the China Securities Regulatory Commission (CSRC) Dr Fang Xinghai stated today (September 2) that the CSRC will move forward to include securities of overseas enterprises that have primary listing in Hong Kong and fulfil certain conditions in the eligible scope of Southbound Trading under Stock Connect, study to set up a Renminbi (RMB) securities trading counter under Southbound Trading of Stock Connect, and support the issuance of Mainland government bond futures in Hong Kong. The Hong Kong Special Administrative Region (HKSAR) Government would like to express its sincere gratitude.

The Chief Executive, Mr John Lee, said, "The measures are significant milestones of the mutual access between the Mainland and Hong Kong financial markets, enriching the investment choices for Mainland investors, attracting more overseas enterprises to list in Hong Kong, and providing risk management tools for Mainland government bond investments in Hong Kong. I am most grateful that the Central People's Government has, further to its announcement of establishing mutual access arrangements between the interest rate swap markets of the two places at the beginning of the new-term Government, demonstrated to investors once again our country's support for Hong Kong in consolidating its status as an international financial centre. The measures, after implementation, will further facilitate Hong Kong to meet the targets in the National 14th Five-Year Plan, support the high-quality opening up and development of the Mainland's financial markets and contribute to the progress of RMB internationalisation, while achieving concerted development of the financial markets in the two places and mutual benefits."

The Financial Secretary, Mr Paul Chan, said, "The measures will broaden the scope for the future development of Hong Kong's securities market, particularly the internationalisation of listed companies as well as the issuance and trading of RMB securities. They will facilitate Mainland investors to enrich their asset allocation via Southbound Trading of Stock Connect, offer offshore risk management tools for Hong Kong and overseas investors to participate in the Mainland government bond investments, and deepen the development of Hong Kong's offshore RMB market. They can further consolidate Hong Kong's status as an international financial centre, a risk management centre and a global offshore RMB business hub. I am grateful for the strong support from our country, and will spare no effort to take forward the relevant work."

The HKSAR Government, the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) have already commenced discussion with relevant Mainland institutions and will continue the close collaboration with a view to implementing the measures promptly.

Southbound Trading of Stock Connect was launched in 2014. As of August 2022, there were 388 and 545 eligible securities available for trading in Hong Kong dollars by Mainland investors through the Shanghai Stock Exchange and the Shenzhen Stock Exchange respectively, which did not cover overseas listed companies and RMB-denominated securities. The 2022-23 Budget announced that a working group formed by the SFC, the HKEX and the Hong Kong Monetary Authority would start making preparations on allowing stocks traded via the Southbound Trading of Stock Connect to be denominated in RMB, and would discuss with the regulatory authorities and relevant organisations in the Mainland. The HKSAR Government will roll out supporting measures to waive the stamp duty on stock transfers paid by market makers in their transactions, so as to increase the liquidity of RMB-denominated stocks. The HKSAR Government plans to submit relevant legislative amendments to the Legislative Council within this year.