

HKSAR Government welcomes implementation of ETF Connect

The China Securities Regulatory Commission and the Securities and Futures Commission issued a joint announcement today (May 27) on the in-principle agreement to include eligible exchange-traded funds (ETFs) in Stock Connect. The Hong Kong Special Administrative Region Government warmly welcomes the decision.

The Chief Executive, Mrs Carrie Lam, said, "The National 14th Five-Year Plan expresses staunch support for enhancing Hong Kong's function as a global offshore Renminbi (RMB) business hub, as well as deepening and widening the mutual access between financial markets of the Mainland and Hong Kong. Various mutual access programmes including the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and Bond Connect have thrived over the past few years. Since the launch of Stock Connect, its Northbound trading has brought a net inflow of over RMB1,600 billion to the Mainland stock market; its Southbound trading has brought a net inflow of over \$2,300 billion to the Hong Kong stock market. The amount of foreign holding of Mainland onshore bonds has reached over RMB3,700 billion through Bond Connect and other channels. The implementation of mutual access of ETFs marks another milestone in the continual integration of the two capital markets. It will further strengthen Hong Kong's role in connecting financial markets in the Mainland and the rest of the world. As we welcome in the 25th anniversary of the establishment of the Hong Kong Special Administrative Region, I am most grateful to the Central People's Government for the announcement, which will considerably bolster investors' confidence in the Hong Kong market. We will continue to capitalise on Hong Kong's unique advantages under 'one country, two systems' as well as further consolidate and enhance its status as an international financial centre. Looking ahead, Hong Kong will better integrate into the overall national development and play a part in the development strategy and real economy of our country in pursuit of high-quality opening up."

The Financial Secretary, Mr Paul Chan, said, "We have all along strived to expand the scope of mutual access of financial markets in Hong Kong and the Mainland. ETF Connect will further deepen the interaction and integration of the two capital markets, offer more diverse asset allocation choices to Mainland and overseas investors, and promote liquidity as well as sustainable development of ETF markets in the two places. The initiative also promotes the further opening up of the Mainland financial market, and at the same time, consolidates Hong Kong's role as the gateway and the bridge for flows of international and Mainland capital. I would like to express my gratitude to the Central People's Government and relevant authorities for their strong support, and the financial institutions in the Mainland and Hong Kong for their efforts in implementing the programme."

The stock exchanges in Shanghai, Shenzhen and Hong Kong and the China Securities Depository and Clearing Corporation Limited reached an agreement

on the overall Stock Connect inclusion arrangements for ETFs at the end of last year. The parties are working closely on completing the preparations for launching relevant trading. A separate announcement will be made on the official launch date.