

Steering Committee on Bond Market Development in Hong Kong releases report

The Steering Committee on Bond Market Development in Hong Kong (the Steering Committee), having analysed holistically the development of the bond market in Hong Kong, released its report today (August 31), which puts forward three strategic directions and a host of detailed recommendations to further promote the bond market development in Hong Kong.

The Chairman of the Steering Committee and the Financial Secretary, Mr Paul Chan, said, "Hong Kong is an international financing centre, and the HKSAR Government has been working closely with financial regulators and market participants in promoting the development of Hong Kong's bond market. Through measures such as issuing government bonds, providing tax relief and subsidies, as well as strengthening our ties with the Mainland market through the Bond Connect, the bond market of Hong Kong has seen rapid growth in the past years, transforming Hong Kong into the premier issuance location among Asian institutions and for Asian international bonds. The Steering Committee has reviewed the progress we made, surveyed the latest global landscape, and helped chart our way forward as we continue to strengthen Hong Kong's position as a leading international bond hub."

In its report, the Steering Committee put forward the following three strategic directions (SD):

SD 1: Leveraging the opportunities presented by the Mainland market and new global trends

SD 2: Upgrading infrastructure to attract business and resources

SD 3: Promoting social and financial inclusion and facilitating participation of retail investors

The Steering Committee also provided detailed recommendations under each SD. In his 2022-23 Budget, the Financial Secretary announced a range of measures for early implementation of the Steering Committee's recommendations, such as:

* expanding the issuance of green bonds, Renminbi (RMB) bonds and Hong Kong Dollar bonds with a longer tenor under government bond programmes to foster the development of local RMB and green bond markets and the formation of a local yield curve;

* consolidating the city's strengths in promoting offshore RMB business and encouraging participation of Mainland enterprises and entities in Hong Kong's bond market;

- * further enhancing the functions of the Central Moneymarkets Unit by upgrading it to be a major central securities depository platform in Asia;
- * looking into the development of an electronic bond trading platform to facilitate secondary transactions and expand the investor base; and
- * exploring ways to enhance the prospectus requirements and, on the premise of ensuring due protection of investors, make it easier for retail investors to participate in and share the fruits of the bond market development.

The Steering Committee's report has been uploaded to the website of the Financial Services and the Treasury Bureau at www.fstb.gov.hk/fsb/en/publication/report/publications-reports.html. An infographic setting out the SD's and associated recommendations is at the Annex.

Background

The Steering Committee was set up in August 2021 pursuant to the announcement in the 2021-22 Budget. Chaired by the Financial Secretary and comprising members from the Financial Services and the Treasury Bureau, the Hong Kong Monetary Authority, the Securities and Futures Commission, the Insurance Authority, the Hong Kong Exchanges and Clearing Limited and market experts, the Steering Committee was tasked to formulate a roadmap for promoting the diversified development of Hong Kong's bond market.