

USFST's opening remarks at Asian Financial Forum "Dialogues for Tomorrow" (English only) (with photo)

Following are the opening remarks by the Under Secretary for Financial Services and the Treasury, Mr Joseph Chan, at the Asian Financial Forum "Dialogues for Tomorrow – The Future of Web 3 in Financial Services and Application of Virtual Assets" today (January 25):

Distinguished guests, ladies and gentlemen,

Good morning. It is my great pleasure to speak to you today at the Asian Financial Forum (AFF) as we examine the transformative potential of Web3 and virtual assets (VA) within the financial services sector. The Hong Kong Special Administrative Region (SAR) Government is steadfast in our commitment to fostering these emerging technologies, fully aware of their capacity to revolutionise financial and commercial landscapes. Web3, built on the solid foundation of blockchain technology, is a fast-evolving area. We have to act earlier than otherwise. Hong Kong always emphasises the resilience of our financial markets – it is the same for the more nascent segment of it, including VA.

Hong Kong is Asia's leading international financial centre as we consistently lead in various league tables in the region. According to an industry report released last year, Hong Kong is the top cross-border wealth booking centre in Asia by assets under management, and is on track to take over the world's number one position by next year. In capital markets, Hong Kong secured the top spot as the arranging location for Asian international bond issuance in 2022 for the seventh consecutive year. In the realm of risk management, Hong Kong stood first in Asia and second globally in insurance density according to a report released last year. Of course, we are also the biggest offshore Renminbi (RMB) centre in the world, possessing the largest offshore RMB liquidity pool in the world, and processing about 75 per cent of global offshore RMB payments. These are not just numbers; they are a testament to our robust financial ecosystem which sets the stage for Hong Kong to be a leader in fintech. As most financial institutions have set up their Asian headquarters or Asia's biggest business presence in Hong Kong, fintech and Web3 companies can enjoy tremendous potential customers, investors and business partners here.

As we stand at the dawn of this new digital era, our approach is proactive and clear: we are not mere observers but active participants fostering an environment favourable to the growth of VA and the Web3 ecosystem.

Back in October 2022, we issued the Policy Statement on Development of VA in Hong Kong, setting out the vision and policy direction of the

Government. As the policy maker, we are guided by the risk-based approach – ensuring that our regulatory system manages and mitigates the actual and potential risks of VA, while offering the industry a transparent, certain and predictable regulatory environment to develop their business. We adopt the "same activity, same risks, same regulation" principle, and put in place timely and necessary guardrails so that VA innovations can thrive in Hong Kong in a responsible and sustainable manner.

Our licensing regime for VA service providers commenced in June last year. Under the regime, anyone running a VA exchange must get a license from the Securities and Futures Commission (SFC). Our regime is among the first worldwide in meeting the Financial Action Task Force's international standards for anti-money laundering and counter-terrorist financing, and it also provides full regulatory requirements on investor protection. This comprehensive regulatory approach has been recognised by both the International Organization of Securities Commission and the International Monetary Fund.

Two VA service providers have been granted licenses in Hong Kong, both of which have obtained licence upgrades under the Securities and Futures Ordinance regime to offer VA services to retail investors. At the moment, 12 other service providers have submitted their license applications which are currently being reviewed by the SFC. This information is accessible in the SFC website as part of its efforts to disseminate information on VA business in a clear, transparent and timely manner. As a next step, we intend to amend the law to bring the activities of buying and selling of VAs by the "VA OTC shops" into the regulatory remit.

On stablecoins, we launched the public consultation on the proposed regulatory regime for stablecoin issuers in December last year for comments until the end of February this year. Under our proposed regime, an issuer would be required to obtain a licence from the Hong Kong Monetary Authority (HKMA) if it issues a stablecoin that references the value of one or more fiat currencies (fiat-referenced stablecoin) in Hong Kong. The HKMA will introduce a sandbox arrangement to facilitate the exchange of views between regulators and the industry on the regulatory requirements.

In linking VA and traditional financial instruments, we advanced our securities regulatory requirements to allow regulated intermediaries to offer trading of eligible VA futures exchange traded funds (ETFs) to retail investors in Hong Kong through the issuance of joint guidance to intermediaries by the SFC and the HKMA in January 2022. This was followed by the SFC issuing a circular in November 2022 clearly specifying its readiness to accept authorisation of VA futures ETFs in Hong Kong. Within a few months' time, we are glad to see that three VA futures ETFs had already been listed and traded on the Hong Kong Stock Exchange.

The SFC-HKMA joint guidance was further refined last month to clearly set out the latest requirements for intermediaries distributing SFC-authorized investment products including SFC-authorized VA spot ETFs, together with which the SFC issued another circular to indicate its readiness

to accept applications for the authorisation of other funds with exposure to VA, including VA spot ETFs. Again, this made Hong Kong a pioneer in both the Asian and global market.

In fact, the Hong Kong SAR Government has also led by example in applying virtual asset technology to the issuance of traditional financial instruments. In February last year, we launched the world's first batch of tokenised Government green bonds as a pilot project under our Government Green Bond Programme. It brings together financial instruments and participants on a single digital platform to enhance the efficiency of the entire process, and largely reduces the time required for the issuance of traditional bonds. Building on the success of the inaugural tokenised issuance, the Government intends to, through a second tokenised issuance, test out more advanced features in tokenised issuances and potentially broaden investor participation, with a view to creating a further demonstrative effect and providing a promising use case for market participants interested in conducting similar issuances in Hong Kong, hence promoting a larger and wider-scale issuance and trading of tokenised bonds in the future.

On securities token offerings (STO), we acknowledge the potential benefits in the use of DLT (distributed ledger technologies) in security issuance and trading, which may bring efficiency, transparency and lower costs to traditional finance. Indeed, we have seen a variety of STOs already issued in Hong Kong, and the SFC has issued clear guidance to the industry on tokenisation of traditional securities and SFC-authorized investment products and the conduct standards expected of intermediaries engaging in tokenised securities-related activities.

Ladies and gentlemen, acknowledging the transformative power of these technologies, the Hong Kong SAR Government is committed to positioning ourselves at the forefront of this revolution, ensuring that our policies and frameworks are conducive to the growth and responsible adoption of VA and Web3 infrastructure. To date, more than 170 Web3 related companies from more than 20 economies from the Mainland, Americas, Europe and other parts of Asia have established their presence in Hong Kong, and many more have expressed their interest to set up in Hong Kong in light of our transparent, certain and predictable regulatory regimes.

In the subsequent panel discussion, front-line industry leaders will offer valuable insights, and two of the panel speakers are members of the Government's Task Force on Promoting Web3 Development, which was established last year as we actively engage with and listen to industry leaders and experts in the Web3 sector.

Before the panel, I would like to take this opportunity to encourage our guests visiting from abroad not only to enjoy the fruitful discussion at the AFF, but also to enjoy a series of side events and guided tours we have curated for you. These are designed to immerse you in the vibrant life of Hong Kong. Enjoy the culture, the colours, and the dynamism of our city during your stay. Thank you.



[EPD convictions in December](#)

Thirty-one convictions were recorded in December 2023 for breaches of legislation enforced by the Environmental Protection Department.

Seven of the convictions were under the Air Pollution Control Ordinance, six were under the Noise Control Ordinance, 15 were under the Public Cleansing and Prevention of Nuisances Regulation, and three were under the Waste Disposal Ordinance.

A company was fined \$30,000, which was the heaviest fine in December, for failing to comply with an air pollution abatement notice.

[Updates to "Resource Handbook for Bazaar Application"](#)

The Government today (January 25) announced updates on the "Resource Handbook for Bazaar Application".

The Environment and Ecology Bureau (EEB) and relevant bureaux/departments (including the Home and Youth Affairs Bureau, the Culture, Sports and Tourism Bureau, the Commerce and Economic Development Bureau, the Home Affairs Department, the Housing Department (HD), the Leisure and Cultural Services Department (LCSD), the Food and Environmental Hygiene Department (FEHD), the Transport Department, the Fire Services Department, etc) have jointly updated the "Resource Handbook for Bazaar Application" to enable organisations/persons interested in organising bazaars to have an easier grasp of the relevant application procedures and processes involved. The Handbook covers –

1. how to look for suitable venues, as well as the procedures for application for hiring a government venue (including venues under the management of the HD/Housing Authority, the LCSD and the Lands Department);
2. a template of bazaar proposal to enable organisations to comprehensively plan for the proposed activities early on;
3. relevant licences and/or approval required for organising various common bazaar activities and the relevant application methods; and
4. points to note in the operation stage of the bazaar.

The Handbook has been uploaded to the EEB website (www.eeb.gov.hk/food/en/press_and_publications/otherinfo/index.html) and the FEHD website (www.fehd.gov.hk/english/licensing/resource_handbook_bazaar_application.html), and will also be available on the websites of other relevant departments in due course.

[Speech by SCS at Education & Careers Expo 2024 \(English only\)](#)

Following is the speech by the Secretary for the Civil Service, Mrs Ingrid Yeung, at the opening ceremony of the Education & Careers Expo 2024 organised by the Hong Kong Trade Development Council at the Hong Kong Convention and Exhibition Centre this morning (January 25):

Margaret (Executive Director, Hong Kong Trade Development Council, Ms Margaret Fong), distinguished guests, ladies and gentlemen,

Good morning. It is my great pleasure to join you for the opening of this year's Education & Careers Expo.

This is in fact my second time representing the Civil Service Bureau to officiate at this event. The first time was in 2021, and I can remember vividly that we were all adorned with masks then. Now, as Hong Kong has returned to complete normalcy, and our economy is steadily recuperating, I am absolutely thrilled to be part of this signature event once again.

Hong Kong's treasure lies in its people. Generations of Hong Kong people have toiled to excel in their studies and jobs and progress in their career over the decades. Their efforts have contributed to the success of Hong Kong, a success that has brought us prosperity and high world rankings in

many areas. I am grateful to the Hong Kong Trade Development Council for holding the Education & Careers Expo every year to provide students and job seekers with a platform that enables them to access comprehensive and the most updated information about education, training and a vast array of career opportunities, helping them on their way to personal success and helping Hong Kong to strengthen its local talent pool, thereby maintaining our competitiveness.

As the largest employer in Hong Kong, offering over 190 000 full-time jobs in the civil service alone, the Government has a wide range of opportunities for those who are willing and ready to work hard and keep learning to achieve success. In recent years, we have proactively implemented a series of measures to attract people with aspiration to serve the community through joining the civil service. To facilitate job seekers, more departments and grades are now conducting year-round recruitment. We place paramount importance on youth development and have adopted a multifaceted approach to attract more young people to embark on a fulfilling journey with us. Since June 2023, we have expanded the pool of eligible candidates for certain civil service positions to include undergraduate or postgraduate students in their penultimate year of study. In September and October 2023, the Government held the first large-scale Government Career Fair in three local universities, allowing students to gain insights into the work of over 40 civil service grades and departments. In this year's Education & Careers Expo, the Civil Service Bureau and government departments will together conduct a total of 19 sharing sessions to introduce different job opportunities available within the Government, some of which are less well-known by the public, to students and job-seekers.

In addition to welcoming local students and job seekers, we extend a warm invitation to individuals from diverse backgrounds, including Hong Kong students who are pursuing studies on the Mainland and overseas, as well as those who are working, to join the Government. With our proactive recruitment efforts, we have witnessed a consistent and notable increase in the number of applications for civil service jobs. To name but a few, the number of applications for the post of Inspector of Customs and Excise has increased from 4 000 to 7 600, i.e. an increase of 90 per cent, and for Immigration Officer, the number has increased from 4 500 to 6 300, i.e. an increase of 40 per cent. The Recruitment Centre for the year-round recruitment of Assistant Clerical Officers, Clerical Assistants and Personal Secretaries has received about 16 000 applications after its establishment in October 2023, that is only within three months.

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While there may exist a general perception that civil service work is rigid and conservative, I want to assure you that a career in the civil service is profoundly meaningful and brimming with exciting challenges. You will undoubtedly sense this firsthand while visiting the booths of different government departments, where you will encounter inspiring tales of dedicated civil servants, their unwavering commitment to serving the community and hear real-life examples of how civil servants overcome difficulties to create a caring community and a vibrant economy. We wholeheartedly welcome every

talented individual to join the civil service and, together, strive towards building a brighter and better Hong Kong.

There is an education side of this Expo too, with local, Mainland and overseas education opportunities as well as continuing education, lifelong learning and career planning information and programmes ready to be introduced to students and participants of all ages. I had worked in the Education Bureau, and to this day the provision of diverse and quality education opportunities to students and adults who are keen to improve themselves remains a matter very close to my heart. Thank you again to the Hong Kong Trade Development Council for making available this great opportunity for students and others to engage with educational institutions directly.

In closing, may I extend my sincere wish for this year's Education & Careers Expo to be a great success. There is an old saying, "Choose a job you love, and you will never have to work a day in life." May all participants have a fruitful and rewarding experience at this exhibition, to be followed by the pursuit of an education path or a career that resonates with your passions and brings you lifelong fulfilment. Thank you.

Hong Kong Customs arrests male director and female staff member of chain massage parlour suspected of unfair trade practices in sale of services

Hong Kong Customs yesterday (January 24) arrested a male director and a female staff member of a chain massage parlour suspected of wrongly accepting payments when selling massage services, in contravention of the Trade Descriptions Ordinance (TDO).

Customs earlier received information alleging that a chain massage parlour with three branches failed to provide massage services purchased by customers. Following investigations launched by a swiftly established dedicated team concerning the case, Customs found that the massage parlour still accepted payments for prepaid services from customers even as its branches were in rent arrears, or their leases were about to expire. Customers who had purchased prepaid massage services were unable to use the services concerned and did not receive any refunds after the massage parlour suddenly announced its business closure.

After a follow-up investigation, Customs officers yesterday conducted an enforcement operation and arrested a 45-year-old male director and a 44-year-old female staff member of the massage parlour connected with the case.

An investigation is ongoing and the two arrested persons have been released on bail pending further investigation.

Customs has been paying close attention to the case and called on members of the public affected to provide information. As of 8am today (January 25), Customs had received a total of 248 complaints regarding the massage parlour concerned involving massage contracts amounting to about \$1.1 million.

Customs reminds traders to comply with the requirements of the TD0. Consumers are also reminded to procure services at reputable shops and think prudently before making consumption decisions with prepayments.

Under the TD0, any trader commits an offence if at the time of acceptance of payment, the trader intends not to supply the product or intends to supply a materially different product, or there are no reasonable grounds for believing that the trader will be able to supply the product within a specified or reasonable period. The maximum penalty upon conviction is a fine of \$500,000 and imprisonment for five years.

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Members of the public may report any suspected violations of the TD0 to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account (crimereport@customs.gov.hk) or online form (eform.cefs.gov.hk/form/ced002).