

Cross-Agency Steering Group releases assessment of carbon market opportunities for Hong Kong and next steps

The following is issued on behalf of the Hong Kong Monetary Authority:

The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) today (March 30) published its [preliminary feasibility assessment of carbon market opportunities for Hong Kong](#) (Note 1).

Based on the assessment, the Steering Group intends to proceed with the following next steps in parallel to support the development of Hong Kong as a regional carbon trading centre:

- Develop Hong Kong into a global, high-quality voluntary carbon market (Note 2), leveraging Hong Kong's status as a champion of international standards, a facilitator to channel global capital into the Mainland, and an international financial centre with a stable and mature regulatory system;
- Collaborate with relevant authorities and stakeholders to work towards establishing the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Unified Carbon Market in line with Mainland policies to strengthen GBA cooperation (Note 3);
- Explore opportunities to link up international investors with the GBA Unified Carbon Market and potentially the national emissions trading system (Note 4); and
- Strengthen cooperation with the Guangzhou Futures Exchange on carbon market development to enable Hong Kong to act as the Mainland's offshore risk management centre.

The Steering Group endorsed the plan set out above which is by no means exhaustive. The Carbon Market Workstream co-chaired by the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) will consider which market and regulatory model would be the most appropriate, and will prepare a detailed roadmap, implementation plan and indicative timeline after consulting with market experts and relevant authorities.

The Chief Executive Officer of the SFC, Mr Ashley Alder, said, "The assessment is part of the Steering Group's commitment to advance the development of green and sustainable finance in Hong Kong. Carbon trading is a key tool to mobilise finance for the transition to a low carbon economy.

With appropriate regulatory support, Hong Kong's close links with the Mainland and significant role in the GBA will allow it to bridge Mainland carbon products and opportunities with the rest of the world."

The Chief Executive Officer of the HKEX, Mr Nicolas Aguzin, said, "Hong Kong is the regional green and sustainable finance leader and at the HKEX we are proud to play a key role in advancing our collective journey to achieving net zero and the promotion of climate-related financial disclosures. As a gateway facilitating the two-way capital flows between China and the world, Hong Kong is well-placed to support the growing global demand for capital participation in the Mainland's low-carbon transition. The HKEX is fully committed to the long-term sustainable growth of our markets and community and we look forward to continuing to work with the Steering Group on building a trusted, world-class sustainable finance ecosystem, which includes exploring the development of a voluntary carbon market."

Note 1: The assessment was conducted by the Carbon Market Workstream of the Steering Group. The Carbon Market Workstream is co-chaired by the SFC and the HKEX. Members include the Environment Bureau, the Financial Services and the Treasury Bureau and the Hong Kong Monetary Authority.

Note 2: In voluntary carbon markets, buyers purchase carbon credits to neutralise or compensate for their carbon dioxide emissions.

Note 3: Mainland China has launched regional carbon market pilots in eight cities and provinces, including Guangdong and Shenzhen. On March 24, 2022, the HKEX signed a Memorandum of Understanding with the China Emissions Exchange (Guangzhou) to explore the GBA and international carbon opportunities.

Note 4: Emissions trading systems provide a regulated mechanism for market participants to trade allowances, which are permits to emit carbon dioxide. Lowering their emissions reduces the need to purchase allowances.

About the Green and Sustainable Finance Cross-Agency Steering Group

Established in May 2020, the Steering Group is co-chaired by the Hong Kong Monetary Authority and the Securities and Futures Commission. Members include the Environment Bureau, the Financial Services and the Treasury Bureau, the Hong Kong Exchanges and Clearing Limited, the Insurance Authority and the Mandatory Provident Fund Schemes Authority. The Steering Group aims to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies.

Exchange Fund Bills tender results

The following is issued on behalf of the Hong Kong Monetary Authority:

Exchange Fund Bills tender results:

Tender date	: March 29, 2022
Paper on offer	: EF Bills
Issue number	: Q2213
Issue date	: March 30, 2022
Maturity date	: June 29, 2022
Amount applied	: HK\$157,110 MN
Amount allotted	: HK\$62,472 MN
Average yield accepted	: 0.21 PCT
Highest yield accepted	: 0.23 PCT
Pro rata ratio*	: About 31 PCT
Average tender yield	: 0.25 PCT

Tender date	: March 29, 2022
Paper on offer	: EF Bills
Issue number	: H2242
Issue date	: March 30, 2022
Maturity date	: September 28, 2022
Amount applied	: HK\$41,650 MN
Amount allotted	: HK\$15,000 MN
Average yield accepted	: 0.52 PCT
Highest yield accepted	: 0.54 PCT
Pro rata ratio*	: About 49 PCT
Average tender yield	: 0.57 PCT

*"Pro rata ratio" refers to the average percentage of allotment with respect to each tender participant's tendered amount at the "highest yield accepted" level.

Hong Kong Monetary Authority tenders to be held in the week beginning April 7, 2022:

Tender date	: April 4, 2022
Paper on offer	: EF Bills
Issue number	: Q2214
Issue date	: April 6, 2022
Maturity date	: July 6, 2022

Tenor : 91 Days
Amount on offer : HK\$69,463 MN

Tender date : April 4, 2022
Paper on offer : EF Bills
Issue number : H2243
Issue date : April 6, 2022
Maturity date : October 5, 2022
Tenor : 182 Days
Amount on offer : HK\$17,000 MN

Government enforces “restriction-testing declaration” and compulsory testing notice in respect of specified “restricted area” in Kwong Shung House, Kwong Fuk Estate, Tai Po

â€‹The Government yesterday (March 25) exercised the power under the Prevention and Control of Disease (Compulsory Testing for Certain Persons) Regulation (Cap. 599J) to make a "restriction-testing declaration" effective from 3.30pm yesterday, under which people (hereafter referred to as "persons subject to compulsory testing") within the specified "restricted area" in Tai Po (i.e. Kwong Shung House, Kwong Fuk Estate, Tai Po, excluding social service units thereat) were required to stay in their premises and undergo compulsory testing. Persons subject to compulsory testing are required to stay in their premises until all such persons identified in the "restricted area" have undergone testing and the test results are mostly ascertained.

In addition, the Government issued a compulsory testing notice yesterday to any person who had been present at the above building for more than two hours from March 12 to March 25, 2022, to undergo compulsory testing on or before March 27, 2022, even if they were not present in the "restricted area" at the time when the declaration took effect. The Government finished the compulsory testing exercise at around 11am today (March 26) and is now carrying out enforcement actions in the "restricted area" to verify that all people in the "restricted area" have undergone compulsory testing. The Government will further announce the revocation time of the declaration.

Starting from around 11am today, persons in the specified "restricted area" in Tai Po who have undergone testing and are able to present SMS notifications with negative test results or wear wristbands as proof of

having undergone testing may leave the "restricted area" through the designated exit after providing personal information to a prescribed officer.

The Government set up temporary specimen collection stations in the "restricted area" yesterday and requested persons subject to compulsory testing to collect combined nasal and throat swab samples at the stations to undergo a COVID-19 virus test before 9pm yesterday. Around 1 530 people within the area had undergone testing, among which 51 cases tested positive were found. The Centre for Health Protection of the Department of Health will arrange to follow up.

Regarding cases tested positive in the specified "restricted area", the Government has provided additional food packs, health advice for persons tested positive pending admission to hospitals or isolation facilities, disinfection products and surgical masks to these persons and their household members pending follow-up arrangement.

Moreover, the Government also assigned staff to visit around 790 households within the "restricted area", among which 33 households did not answer the door. The Government will take measures to follow up.

The Government reiterates that enforcement actions will be taken seriously. Any person who fails to present an SMS notification with a test result or wear a wristband as proof of having undergone testing breaches the compulsory testing notice and may be liable to a fine of \$10,000. The person will also be issued with a compulsory testing order, requiring him/her to undergo testing within a specified time frame. Failure to comply with the compulsory testing order or the "restriction-testing declaration" is an offence and the offender may be liable to a fine of level 4 (\$25,000) and imprisonment for six months.

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