

FINANCIAL SERVICES INDUSTRY NEWS ON OPPORTUNITIES & SUPPORT MEASURES

WEALTH MANAGEMENT

Cross-boundary Wealth Management Connect Pilot Scheme Launched

On 29 June 2020, the two-way cross-boundary wealth management connect pilot scheme (WMC) in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) was launched. Hong Kong financial services industry stands to benefit from serving the residents in the GBA where over one-fifth of the Mainland China's high-net-worth households with assets amounting to RMB10 million or more are located.

Under the WMC, residents in Hong Kong, Macao and nine cities in Guangdong Province could carry out cross-boundary investment in wealth management products distributed by banks in the area.

The WMC will create a much greater customer base. While promoting the growth of Hong Kong's wealth management market, it will drive the development of the entire financial services value chain, encompassing product development, distribution, asset management and related professional and support services.

The date of the formal launch of WMC and the implementation details including investor eligibility, the mode of investment, the scope of eligible investment products, investor protection and handling of disputes will be separately specified.

Source: www.hkma.gov.hk



EXCHANGE TRADED FUND



Tax Concession for Exchange Traded Fund Industry

On 15 May 2020, the Stamp Duty Ordinance (Amendment of Schedule 8) Regulation 2020 (Regulation) gazetted seeking to give effect to a new initiative as announced in the 2020-21 Budget to waive the stamp duty on stock transfers involving the activities of exchange traded fund (ETF) market makers in the course of allotting and redeeming ETF units listed in Hong Kong. The Regulation will come into effect on 1 August 2020.

The market-making and liquidity-providing activities are undertaken by securities market makers (and their affiliates) and designated specialists of individual ETFs. The HKEX maintains the lists of securities market makers (and the eligibility of their affiliates) and designated specialists who are approved or registered market makers of individual ETFs. These entities are collectively known as the “market makers” of individual ETFs.

Under the Regulation, the stamp duty waiver applies to the following stock transfers for primary market ETF activities:

- (a) the market maker purchases Hong Kong stocks from the market;
- (b) the market maker sells constituent Hong Kong stocks of the ETF to the dealer authorised by the ETF issuer;
- (c) the dealer authorised by the ETF issuer sells the constituent Hong Kong stocks of the ETF to the market maker; and
- (d) the market maker sells the constituent Hong Kong stocks of the ETF to the market.

The stamp duty for trading ETF in the secondary market in Hong Kong has been waived since 2015. Separately, Schedule 10 to the Stamp Duty Ordinance waives the stamp duty payable for the in-kind allotment and redemption undertaken by all authorised open-ended collective investment schemes including ETFs (i.e. the transfers of ETF underlyings between the dealer authorised by the ETF issuer and ETF issuer during the ETF allotment or redemption process).

Source: www.fstb.gov.hk

REINSURANCE

Preferential Treatment for the Hong Kong Reinsurance Industry Extended

On 23 June 2020, the China Banking and Insurance Regulatory Commission (CBIRC) announced an extension of the preferential treatment accorded to Hong Kong to 30 June 2021, allowing Mainland insurers who cede businesses to qualified Hong Kong professional reinsurers to enjoy lower capital requirements, laying a solid foundation for Hong Kong's reinsurance industry to sustain its active participation and support in both the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development.

The preferential treatment was granted by the CBIRC to Hong Kong in July 2018 under the Equivalence Assessment Framework Agreement on Solvency Regulatory Regime signed on 16 May 2017. The preferential treatment was subsequently extended until 30 June 2020.

Source: www.ia.org.hk



GREEN FINANCE



HKEX to Launch New Sustainable and Green Exchange

On 18 June 2020, Hong Kong Exchanges and Clearing Limited (HKEX) announced plans to launch the HKEX Sustainable and Green Exchange, 'STAGE', a sustainable finance information platform. Issuers of sustainability, green and social bonds and ESG-related Exchange Traded Products listed on HKEX that meet international standards or principles and which can provide post-issuance reports annually are invited to join STAGE free of charge and to display their products on the platform. The online repository will be launched as early as later 2020.

STAGE will promote the visibility, transparency, and accessibility of sustainable and green finance across asset class and product type. It will provide investors with access to a comprehensive database of sustainable and green investment options that are available on Hong Kong's securities markets.

Source: www.hkex.com.hk

FUTURES

HKEX and MSCI's Partnership to Launch Key Index Futures and Options Contracts in Hong Kong

On 27 May 2020, the partnership of Hong Kong Exchanges and Clearing Limited (HKEX) and MSCI Limited to launch a suite of 37 MSCI Asia and Emerging Market equity index futures and options contracts on the Hong Kong Futures Exchange was announced. The partnership is a big step forward in developing Hong Kong into a pre-eminent risk management centre and derivative hub in the Asia time zone. It also signifies the market's confidence in the Government's commitment to strengthening Hong Kong's position as an international financial centre.

The partnership is conducive to expanding the customer base of futures brokerages by further enhancing the range of asset classes and products which they are able to trade and settle in Hong Kong.

The introduction of the 37 futures and options contracts remain subject to regulatory approvals and market conditions. HKEX will inform the market of the launch dates of the contracts and provide detailed product specifications once the launch dates have been confirmed.

Source: www.hkex.com.hk



CLIENTS' VIEWS ON OPPORTUNITIES OFFERED BY HONG KONG



Solas Fiduciary Services (Service Provider for Funds)

Singaporean company providing independent directorship services, Solas Fiduciary Services, said that its regional office in Hong Kong has been instrumental in helping the company leverage the city's growing fund market to expand its business in north Asia.

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TranSwap (SME Cross-Border Forex Platform and Payment Solutions)

Singapore-based cross-border payments company, TranSwap, upgraded its regional office in Hong Kong to a regional headquarters for East Asia, leveraging Hong Kong's vibrant fintech ecosystem to explore more business in the region after having expanded from providing remittance services to offering also payment solutions for SMEs.

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