

FINANCIAL SERVICES & FAMILY OFFICES INDUSTRIES NEWS ON OPPORTUNITIES & SUPPORT MEASURES

GREEN AND SUSTAINABLE FINANCE

Green and Sustainable Finance Cross-Agency Steering Group Reaffirms Commitment to Develop Hong Kong as a Green Finance Hub

The 2021 United Nations Climate Change Conference (COP26) has drawn the world's attention to the pressing need for immediate action to combat climate change. On 5 November 2021, the Green and Sustainable Finance Cross-Agency Steering Group supported the COP26 goals and reaffirmed its commitment to strengthening Hong Kong's financial ecosystem for a greener and more sustainable future and reiterated its support for Hong Kong's Climate Action Plan 2050 of the Government.

In particular, the Steering Group welcomed:

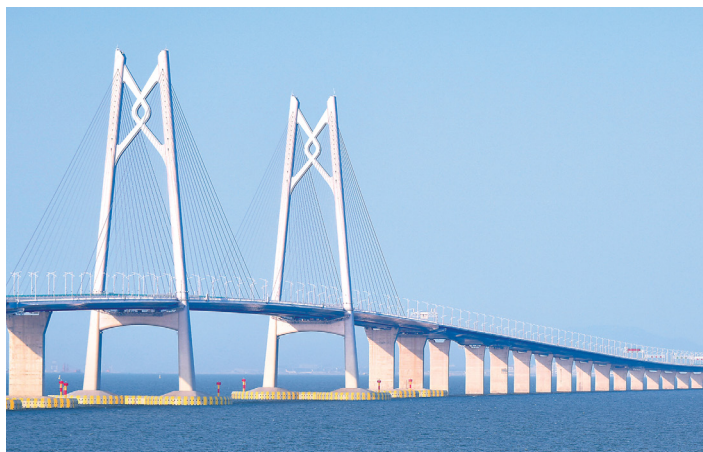
- The publication by the IFRS Foundation of the prototype for the climate disclosure standard
- The publication of Common Ground Taxonomy report by the International Platform on Sustainable Finance
- The global advances in building a worldwide carbon market including voluntary carbon market

The Steering Group will continue to monitor international developments in green and sustainable finance and support international initiatives, contributing to efforts to promote climate-related disclosures and climate-focused scenario analysis through active participation in various international fora.

Source: *Securities and Futures Commission*



CROSS-BOUNDARY WEALTH MANAGEMENT CONNECT



HKMA Announces a List of Eligible Banks in Hong Kong for Launching the Cross-Boundary Wealth Management Connect Pilot Scheme

On 18 October 2021, the Hong Kong Monetary Authority (HKMA) announced 19 eligible banks in Hong Kong which can launch Cross-boundary Wealth Management Connect (WMC) services (Southbound participating banks, Northbound participating banks). These banks, together with their respective Mainland partner banks whose eligibility for providing pilot Cross-boundary WMC services have been confirmed by the relevant Mainland regulatory authorities (to be announced separately by the Mainland authorities), can start providing Cross-boundary WMC services together on 19 October 2021 the earliest.

Mr Eddie Yue, Chief Executive of the HKMA, said, “It gives me great pleasure to see that a number of Hong Kong banks have completed the necessary preparatory work and are ready to start providing Cross-boundary WMC services. Considering that it will be the first time for retail investors to conduct cross-boundary investments, we will closely monitor the operation of the Cross-boundary WMC and step up investor education and investor protection work together with the industry. We will collaborate with the industry to explore enhancement measures to the scheme as and when appropriate, with a view to providing more growth opportunities for Hong Kong’s banking and wealth management industry.”

As set out in the “Implementation Arrangements for the Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area” (Implementation Arrangements) promulgated by the HKMA on 10 September 2021, banks in Hong Kong which intend to embark on Cross-boundary WMC activities should put in place systems, internal control measures and complete relevant systems testing, and submit a self-assessment to the HKMA prior to the launch of such activities in accordance with the requirements in the Implementation Arrangements.

Source: *Hong Kong Monetary Authority*

GREEN BONDS

HKSAR Government's US\$3 Billion Green Bonds Offering

The HKSAR Government announced on 18 November 2021 the successful offering of US\$3 billion worth of green bonds (the Green Bonds), denominated in US dollars (USD) and euro (EUR), under the Government Green Bond Programme.

The offering comprises three tranches of US\$1 billion 10-year, EUR1.25 billion 5-year, and EUR500 million 20-year. The 20-year tranche is the longest euro-denominated green bond issued by an Asian government to date, as well as the HKSAR Government's inaugural offering of euro-denominated bonds, setting an important new benchmark for potential issuers in Hong Kong and the region.

Following a virtual roadshow on 15 and 16 November 2021, the Reg S Green Bonds were priced on 17 November 2021 at 1.855 percent (23 basis points over 10-year US Treasuries) for the 10-year USD tranche; 0.019 percent (10 basis points over 5-year EUR mid-swap rate) for the 5-year EUR tranche; and 1.059 percent (65 basis points over 20-year EUR mid-swap rate) for the 20-year EUR tranche. The Green Bonds were well received by global investors, with the 10-year USD tranche attracting US\$2.9 billion in orders and the 5-year and 20-year EUR tranches attracting over EUR2.2 billion in orders, achieving very low levels of funding cost in absolute terms, despite recent market volatility.

The offering attracted strong interest from a diverse group of conventional and green investors. For the USD tranche, 72 percent was distributed to Asia and 28 percent to Europe. By investor type, 63 percent was distributed to banks, 16 percent to fund managers, private banks and insurance companies, and 21 percent to central banks, sovereign wealth funds and supranationals. For the EUR tranches, 27 percent was distributed to Asia and 73 percent to Europe. By investor type, 25 percent was distributed to banks, 56 percent to fund managers, private banks and insurance companies, and 19 percent to central banks, sovereign wealth funds and supranationals.

Source: Hong Kong Monetary Authority



CREDIT CARD LENDING

Credit Card Lending Survey Results for Third Quarter 2021



On 12 November 2021, the Hong Kong Monetary Authority published the credit card lending survey results for the third quarter of 2021.

Total card receivables increased slightly by 0.7 percent in the third quarter to HK\$124.4 billion at end-September 2021, after an increase of 3 percent in the previous quarter.

The combined delinquent and rescheduled ratio decreased to 0.29 percent at end-September 2021 from 0.35 percent at the previous quarter-end. The quarterly charge-off ratio decreased slightly to 0.46 percent from 0.47 percent in the previous quarter.

Source: Hong Kong Monetary Authority

INVESTMENT PRODUCTS

SFC-HKMA's First Joint Survey Signals Active Investment Products Market

On 7 October 2021, the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) released the findings of the first joint survey on the Sale of Non-exchange Traded Investment Products by licensed corporations (LCs) and registered institutions (RIs).

A total of 308 LCs and 64 RIs reported selling investment products with an aggregate transaction amount of \$5,700 billion during 2020, with the participation of over 700,000 investors.

Structured products (\$2,764 billion) accounted for the largest share of the aggregate transaction amount, followed by collective investment schemes (CIS) (\$1,425 billion) and debt securities (\$1,058 billion). Major observations from the survey included:

- The most common structured products sold were equity-linked products (\$1,597 billion)
- The use of online platforms was increasingly popular in the distribution of CIS, including money market funds
- 70 percent of the debt securities sold were corporate bonds. Firms generally responded that their clients showed interest in bonds offering higher yields in the current low interest rate environment

The SFC and the HKMA conducted the survey aim at better understanding the industry landscape and market trends. This information helps the SFC and HKMA supervise the selling practices of intermediaries and coordinate their responses to address areas of common concern.

Source: *Securities and Futures Commission*



INSURANCE



Insurance Authority Enters into Memorandum of Understanding with Insurance Complaints Bureau to Expedite the Handling of Claim-related Disputes

The Insurance Authority (IA) and the Insurance Complaints Bureau (ICB) announced on 1 November 2021 that they have entered into a memorandum of understanding (MoU) to expedite the handling of claim-related disputes.

“Policy holders in dispute of claims settlement made by authorised insurers should be able to access free advice and impartial support. While the IA is vested with extensive statutory powers to tackle misconducts, it does not have the legal remit to adjudicate on claims. On the other hand, the ICB is a recognised dispute resolution mechanism whose rulings are binding on those authorised insurers joining its membership. The signing of this MoU is a positive step towards ensuring that the interests of policy holders are safeguarded in an optimal manner,” said Mr Clement Cheung, Chief Executive Officer of the IA.

Source: *Insurance Authority*

CONTACT US

If you would like to know more about how InvestHK's Financial Services and Family Office teams can help you to set up or expand your business in Hong Kong, please get in touch. Our services are free, confidential and tailored to your needs.

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