

Hong Kong's Competitiveness as an International Financial Centre

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Remarks by

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Global Competitiveness of Hong Kong

Rank	Global Financial Centres Index 12	Financial Development Index 2011	World Competitiveness Yearbook 2012	World Bank Doing Business 2012	Economic Freedom Index 2012	Economic Freedom of the World 2010
1	London	Hong Kong	Hong Kong	Singapore	Hong Kong	Hong Kong
2	New York	United States	United States	Hong Kong	Singapore	Singapore
3	Hong Kong	United Kingdom	Switzerland	New Zealand	Australia	New Zealand
4	Singapore	Singapore	Singapore	United States	New Zealand	Switzerland
5	Zurich	Australia	Sweden	Denmark	Switzerland	Australia;
6	Seoul	Canada	Canada	Norway	Canada	Canada
7	Tokyo	Netherlands	Taiwan	United Kingdom	Chile	Bahrain
8	Chicago	Japan	Norway	South Korea	Mauritius	Mauritius
9	Geneva	Switzerland	Germany	Iceland	Ireland	Finland
10	Toronto	Norway	Qatar	Ireland	United States	Chile



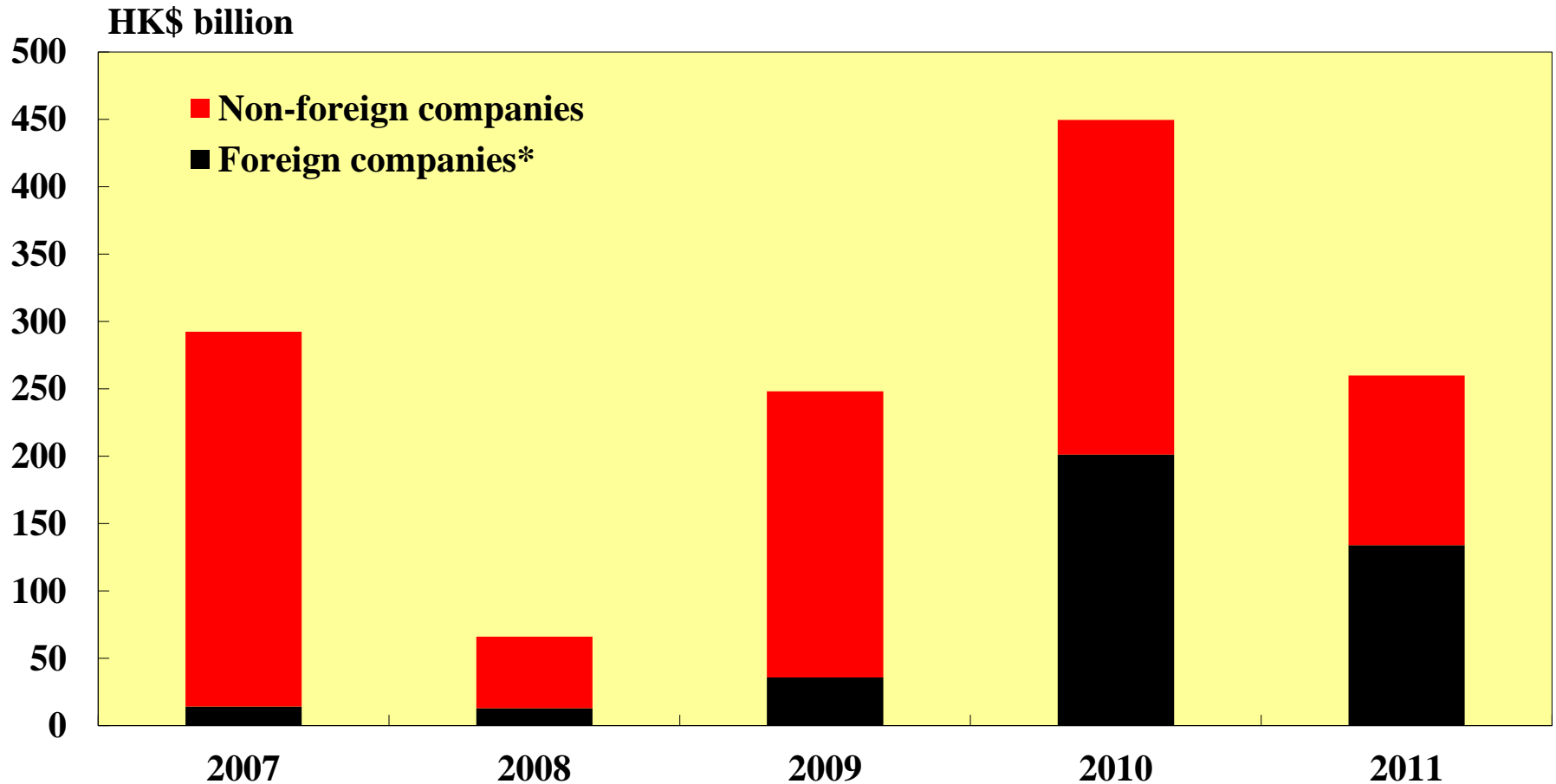
Strategic Positioning

Written into the 12th Five Year Plan:

- An international financial centre of global influence
- Offshore Renminbi centre
- An international asset management centre

IPO Centre

Equity Funds Raised through IPO

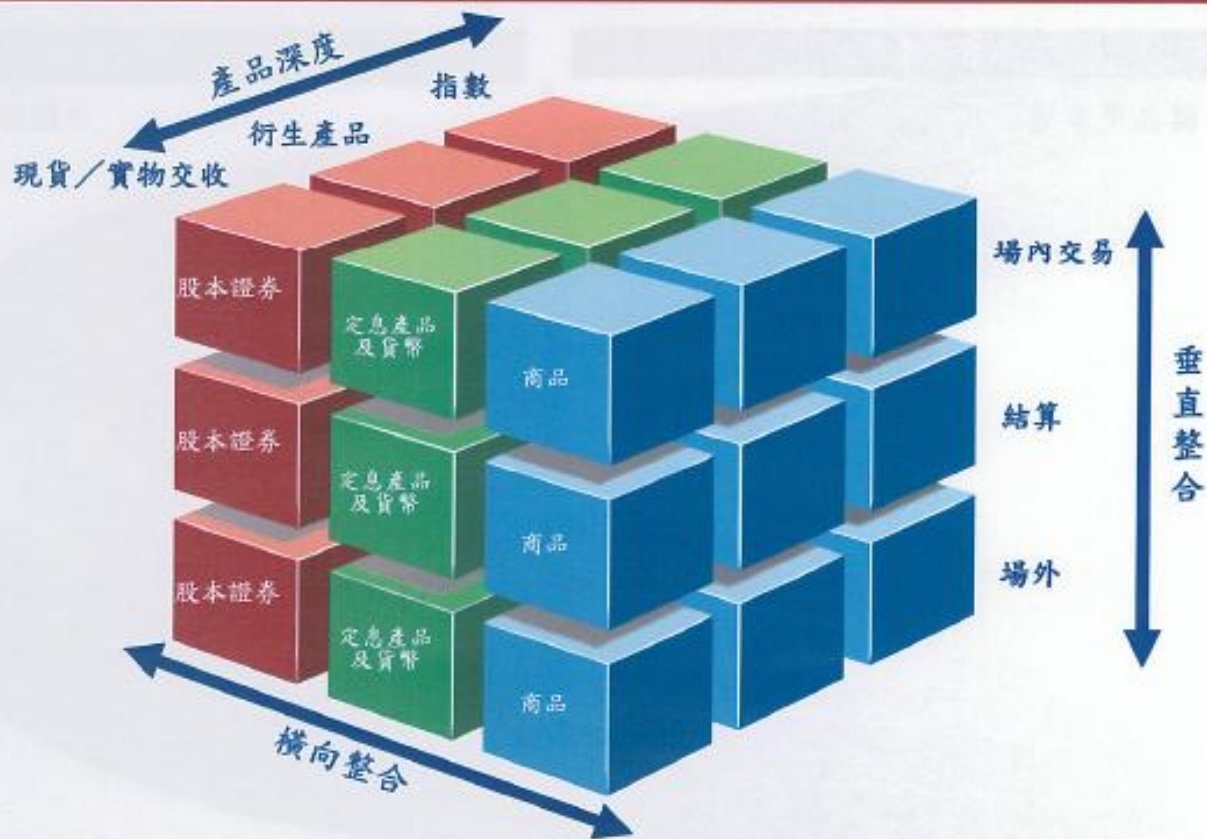


* Other than the classification of listed companies outside Hong Kong and Mainland Enterprises



Towards a Multi-dimensional HKEx

建構一個全面整合的交易所模式



香港交易所正構建一個包括全方位產品種類兼縱橫雙向整合的交易所模式



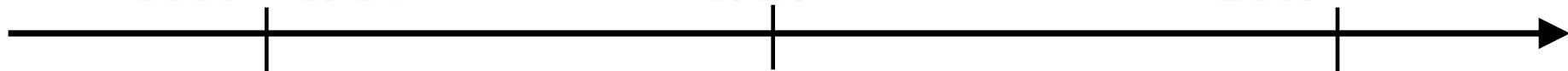
Renminbi Offshore Centre



1860 – 1914

1920 –

2009 –



RMB Internationalisation – Role of Hong Kong

HOW to achieve internationalization of the domestic currency

- when it is INCONVERTIBLE,
- with CAPITAL ACCOUNT CLOSED, and
- has virtually NO LIQUIDITY outside the onshore market?

Requires –

- outflow of currency
- a degree of non-resident convertibility
- an offshore centre to separate the currency risks from country risks



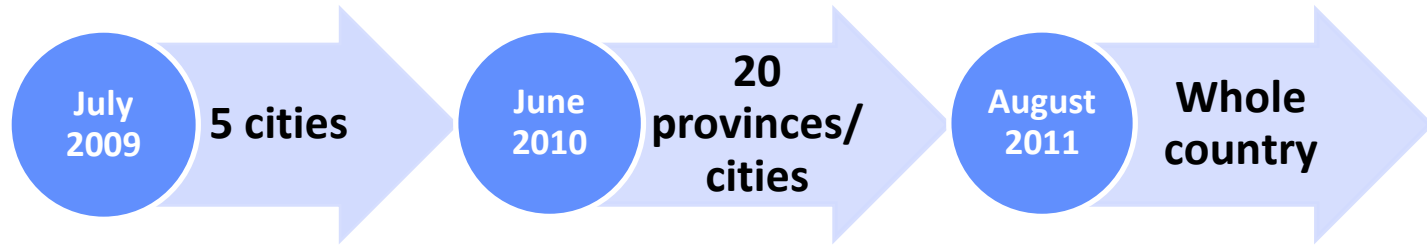
RMB Offshore Centre - Milestone



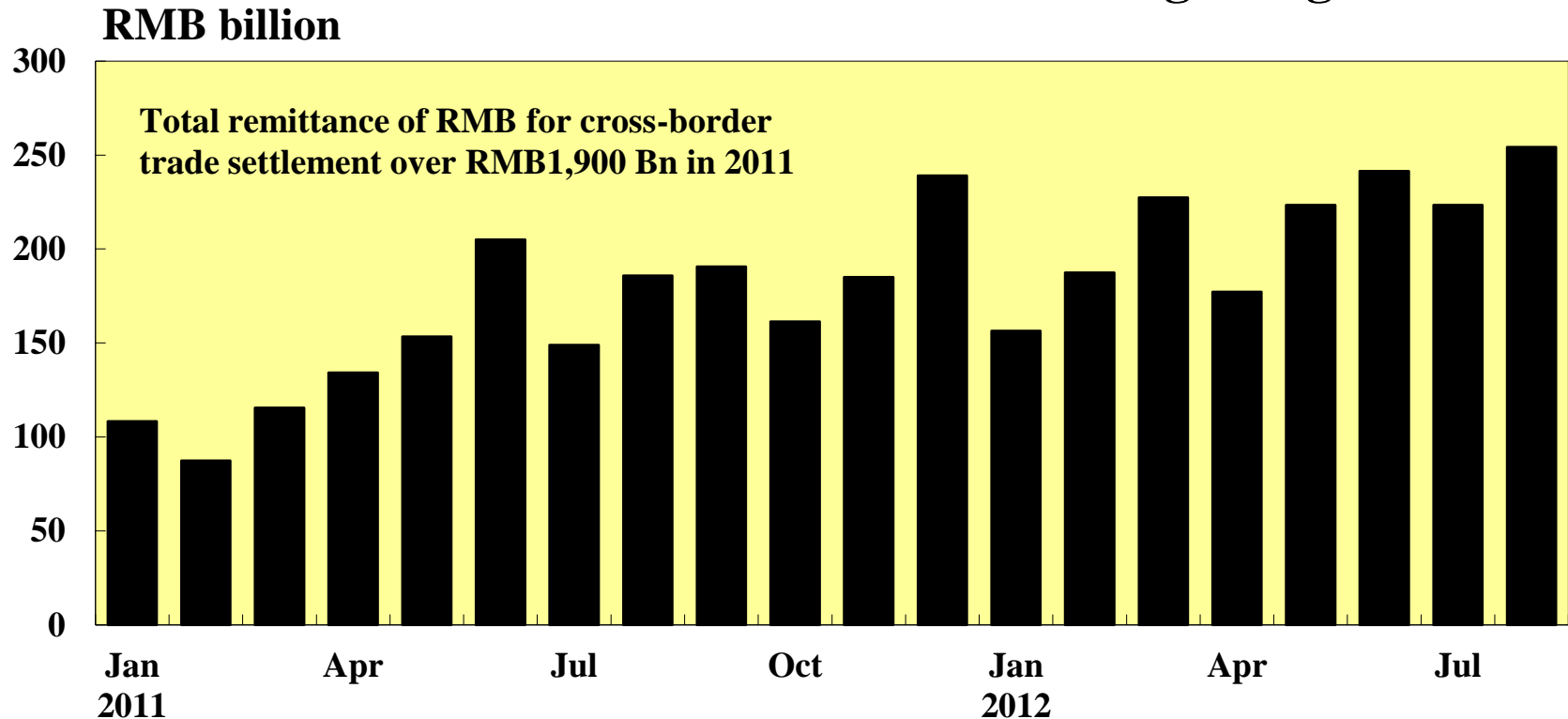
- 2004: Personal RMB Business
- 2007: RMB bonds
- 2009: RMB trade settlements scheme
- 2010: Mainland's interbank bond market
- 2011 Jan: Overseas direct investments (ODI) in RMB
- 2011 Aug: Vice-Premier Li Keqiang announced 8 RMB-related measures
- 2011 Oct: Foreign Direct Investment (FDI)
- 2011 Dec: Reminbi Qualified Foreign Institutional Investors (RQFII)
- 2012 Apr: Expanding RQFII scheme quota for A-share ETFs
- 2012 Jun: The Central Government announced a series of new measures to support HK in developing its offshore RMB business



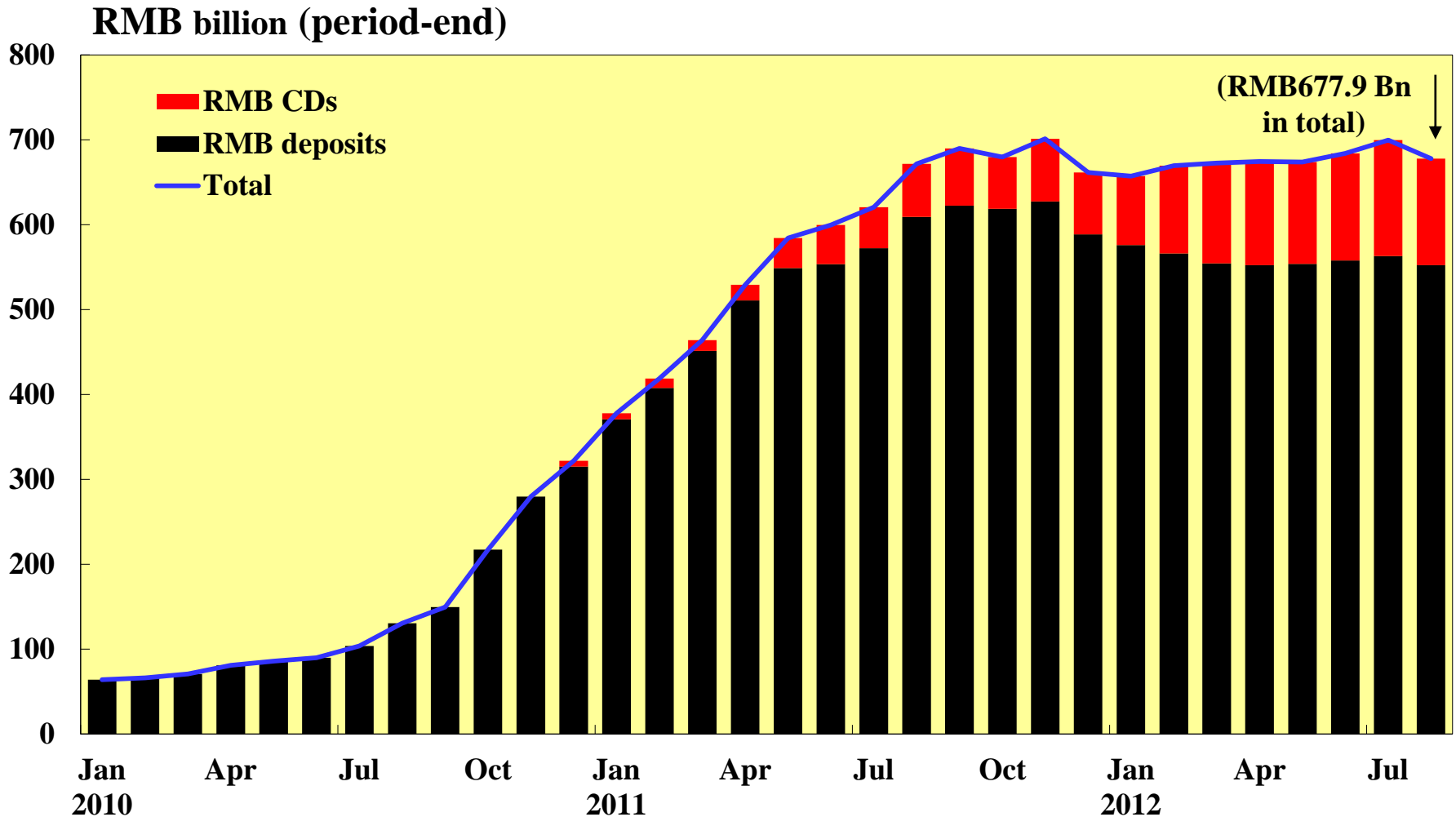
Cross Border Trade Settlement



RMB Trade Settlement in Hong Kong

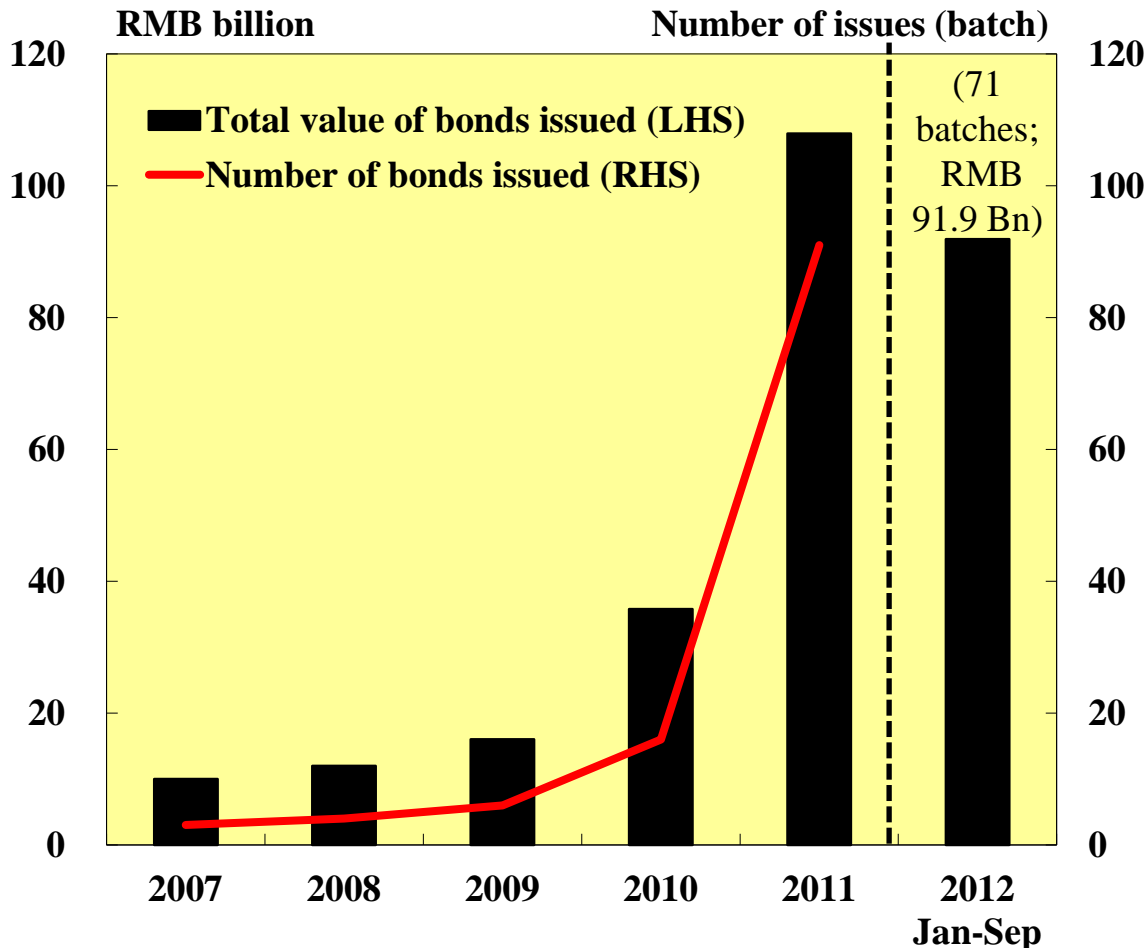


RMB Deposits



Dim Sum Bond Market

Dim Sum Bond Issuance in Hong Kong



Up to end September 2012: 191 issuance (RMB273.6 Bn)

Multinational issuers	
Japan	<ul style="list-style-type: none"> Hitachi Capital Mitsubishi UFJ Mitsui & Co.
Korea	<ul style="list-style-type: none"> Korea Development Bank Korea Eximbank Hyundai Capital
Malaysia	<ul style="list-style-type: none"> Khazanah's Sukuk
Taiwan	<ul style="list-style-type: none"> Yieh Phui Enterprise Co Ltd Chailease Finance New Focus Auto Tech Solargiga Energy
US	<ul style="list-style-type: none"> Caterpillar McDonald's Ford Motor
Europe	<ul style="list-style-type: none"> BSH Bosch und Siemens Unilever Volkswagen
Others	<ul style="list-style-type: none"> Emirates NBD

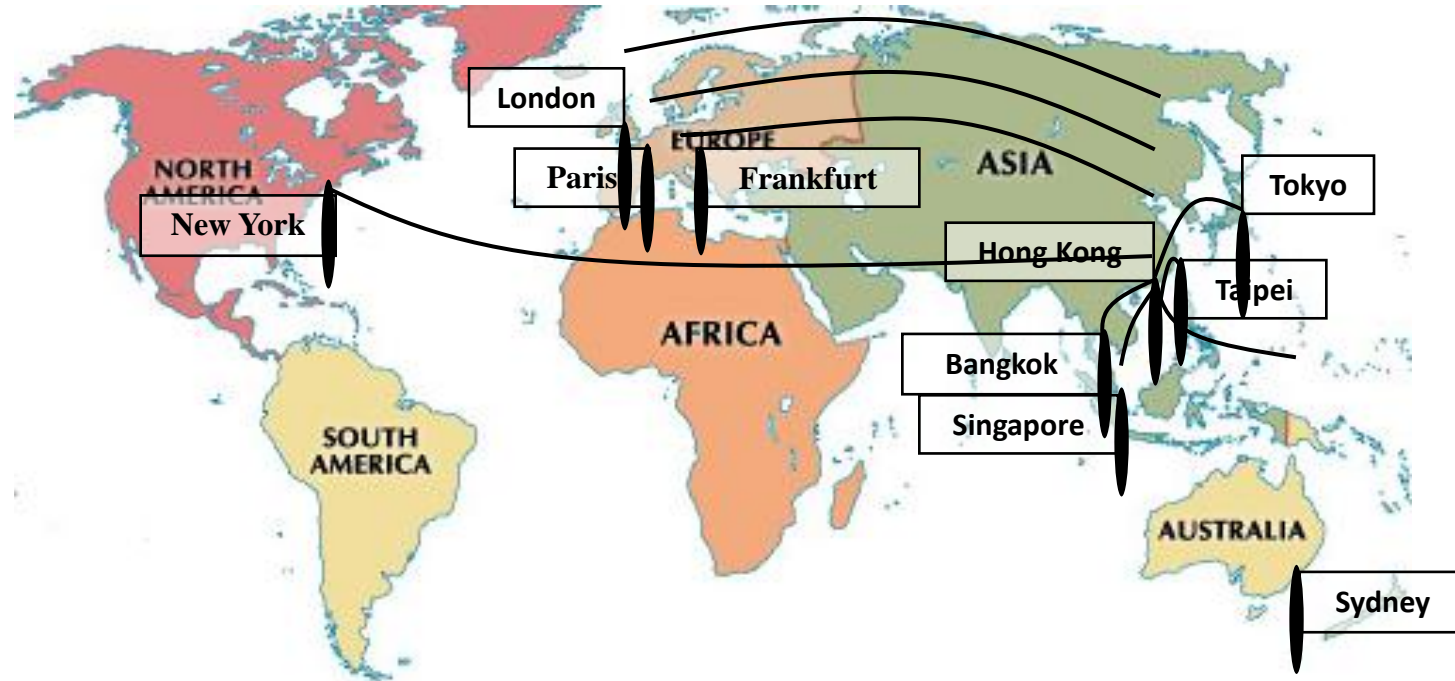
RMB Securities Products



Where Are We on RMB Internationalisation?

- In just two years, 8% of Mainland's foreign trade is denominated in RMB, of which 90% handled by Hong Kong banks
- About 27% of FDI are denominated in RMB in Jan-Aug 2012
- RMB deposits account for 9% of total Hong Kong bank deposits and 17% of foreign currency deposits
- New Dim Sum Bond issuance last year surpassed HKD, SGD, MYR and THB bond issuances

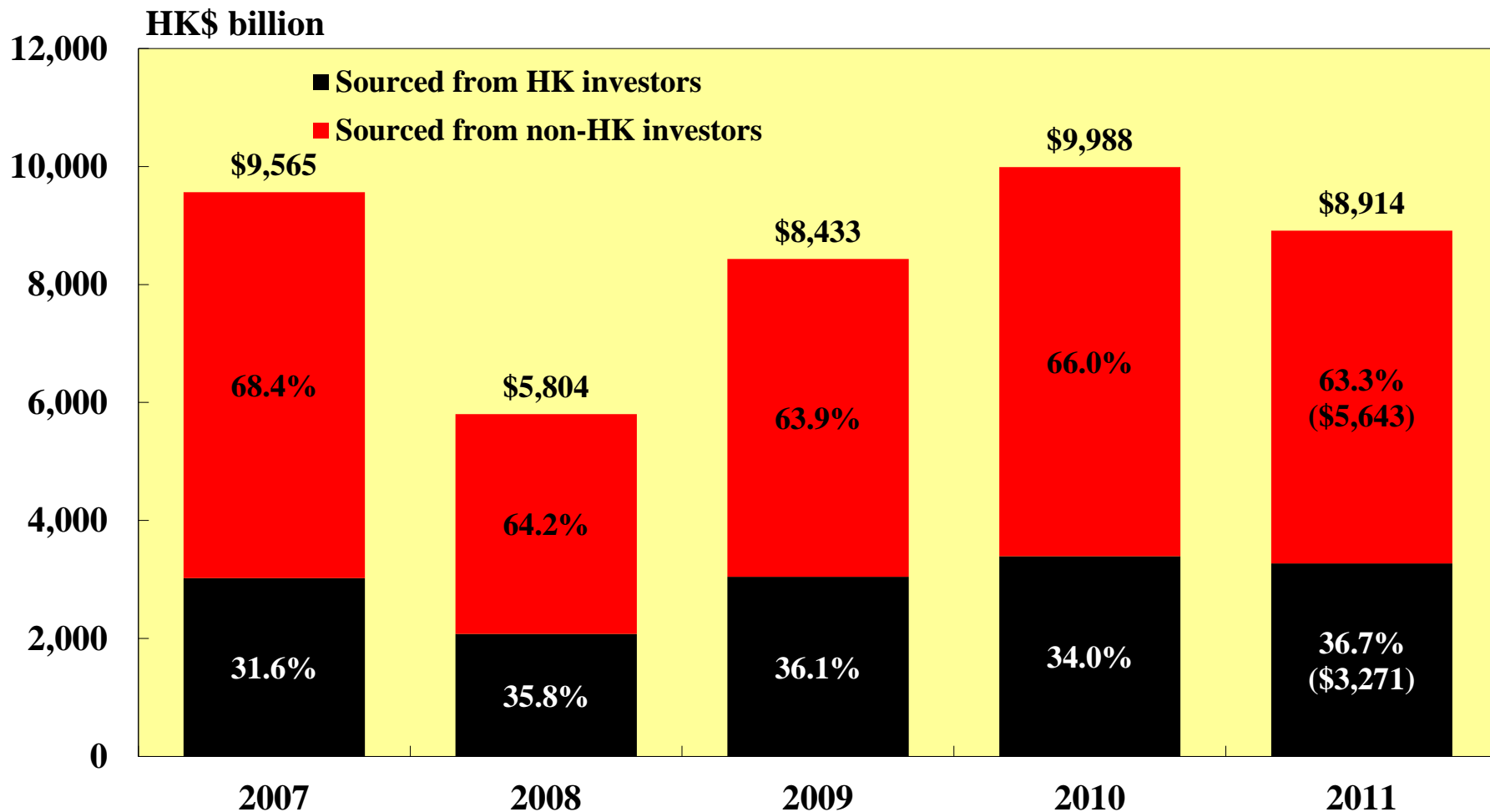
A Vision for Hong Kong



- By far, the largest offshore liquidity
- HK handles 80% of RMB trade settlement and 80% of global RMB Payments
- Primary issuance and secondary market trading of RMB products
- Global payment hub for overseas trading of RMB

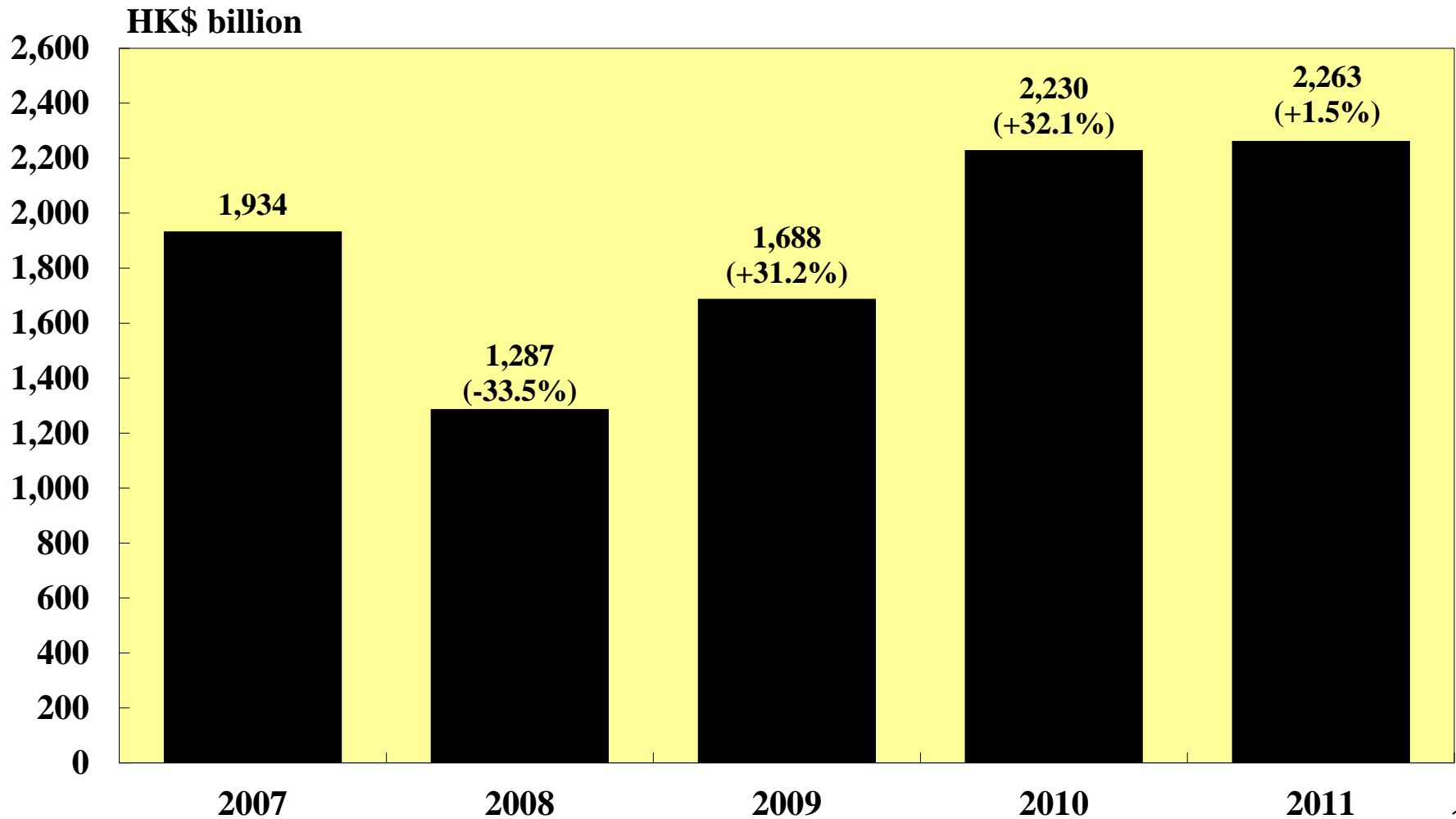
International Asset Management Centre

Non-REIT Fund Management Business by Source of Funds

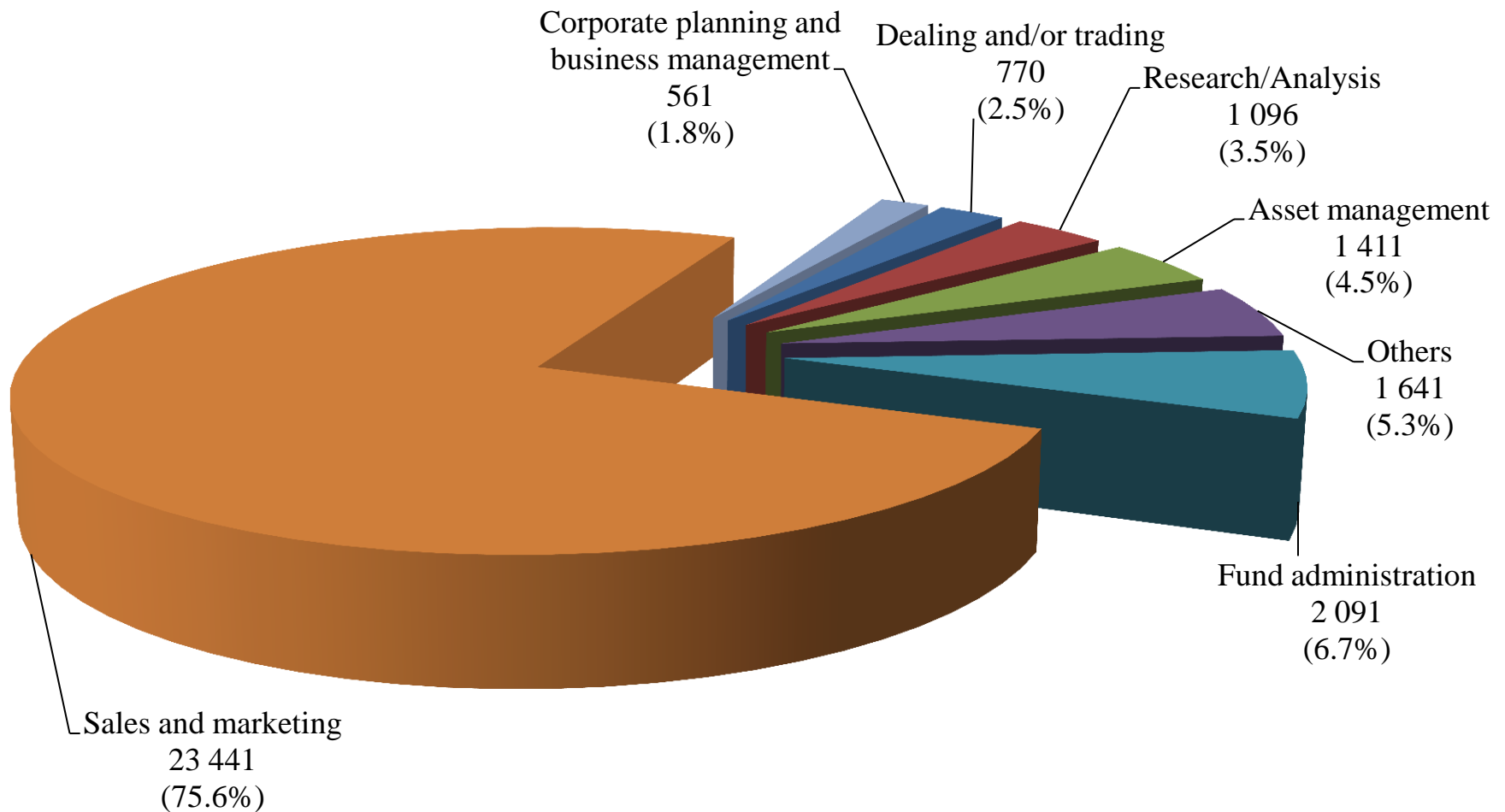


Private Banking

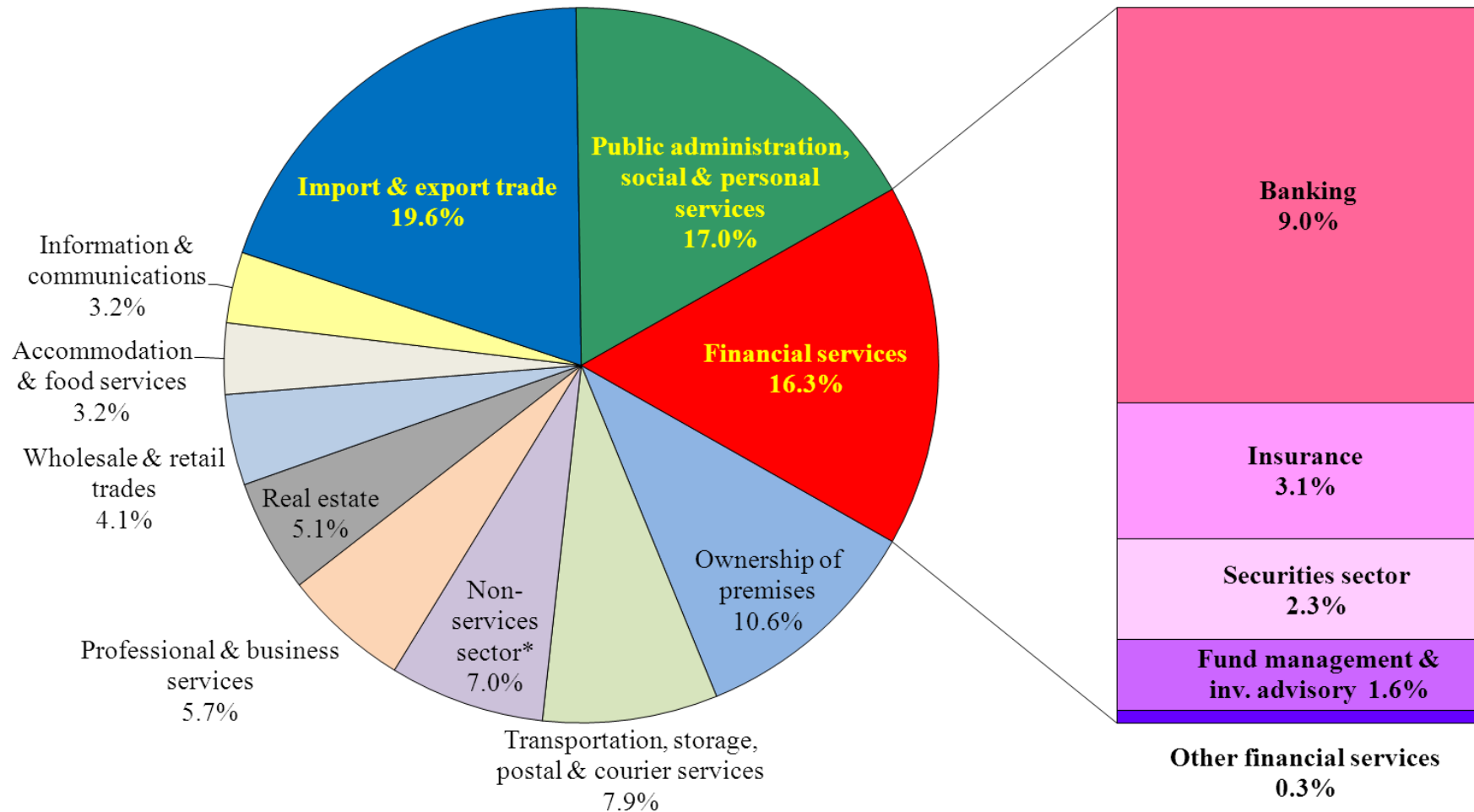
Other Private Banking Business of Registered Institutions



Staff Profile of Fund Management Business



Sustainability of Financial Services Industry



* Including agriculture and fishing, construction, electricity, gas and water supply, manufacturing, mining and quarrying, and waste management.



Financial Services Development Council

- To champion the competitive position of Hong Kong as an international financial centre
- To advise the Government on strategies and Measures
- To provide a channel for stakeholders to express views
- To promote the sustainability of our financial services industry and HK as international financial centre