

## Major initiatives to foster Fintech development 2023 FinTech Week



Financial Services and the Treasury Bureau The Government of the Hong Kong Special Administrative Region **Christopher Hui Secretary for Financial Services and the Treasury** 

## **Fintech Redefined.**

Enhancing Hong Kong's financial infrastructure

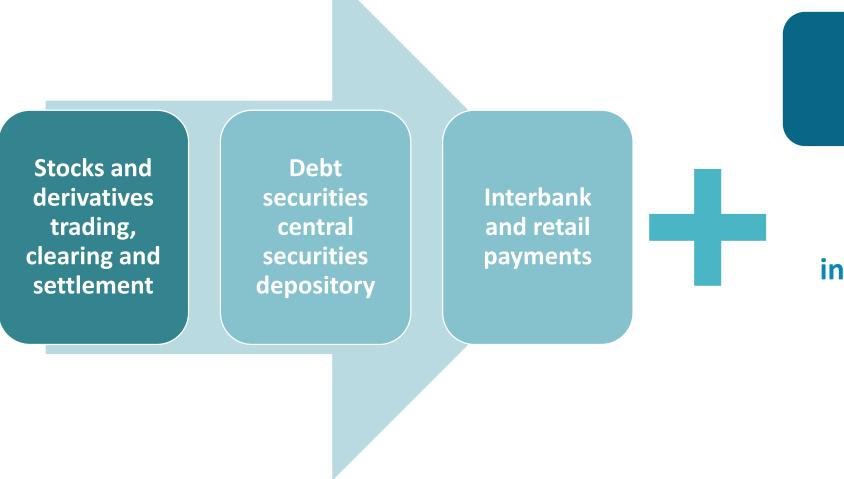
• New integrated fund platform ("IFP")

Welcoming crossboundary e-CNY usage  e-CNY applications to benefit inbound and outbound visitors between the Mainland and Hong Kong

Promoting sustainable development of virtual assets ("VA") and Web3.0

- Real economy applications and innovations
- Further development of regulatory framework

## Add to comprehensive suite of financial infrastructures



New integrated fund platform ("IFP")

Targeting retail fund sector to better serve investors, fund managers, distributors and other stakeholders in the ecosystem

e-CNY VA&Web3.0

Financial Services and the Treasury Bureau

## **Framework for IFP**

IFP will cover front-to-back distribution life cycle and value chain of retail funds

- **1** *Communication hub*
- **2** Business platform
- **3** Information portal

e-CNY

#### HKEX as developer and operator

First phase of the platform will be ready for launch by end of 2024



Strengthen Hong Kong's role as international asset and wealth management centre

## **Key roles of IFP**

#### **Communication Hub**

Network connecting fund managers, distributors, transfer agents, trustees/ custodians

Exchange of data and messages for fund transactions

#### **Business Platform**

Fund subscription and redemption (order routing, payment and settlement)

Nominee services (corporate actions and other operations)

#### **Information Portal**

Information on funds (offering documents, fact sheets, and fees and charges)

VA&Web3.0

**New IFP** 

## **Policy considerations for IFP**

Reduce transactional, compliance and administrative/ servicing costs

> Improve efficiency

**New IFP** 

#### Fund managers

Single connection for various distribution channels

More fund managers to distribute products in Hong Kong

VA&Web3.0

More intermediaries to explore business opportunities in distributing fund products, broadening source of revenue

Intermediaries

#### Investors

More transparency for investors facilitating informed investment decisions

## **Further potential for IFP**

 Add efficiency to due diligence process

More service offerings...

 Enhance digitalisation and standardisation of messages Cooperation and connection... Pave way for cooperation and connection with other fund markets, including Greater Bay Area and other parts of the Mainland

We encourage market participants to actively explore onboarding IFP upon its launch

## **Cross-boundary usage of e-CNY**

Octopus Cards and Bank of China (Hong Kong) continue to explore new e-CNY applications, benefiting both inbound Mainland visitors to Hong Kong and outbound Hong Kong residents visiting the Mainland

#### Outbound HK residents

**New IFP** 



- Purchase e-CNY hard wallets using Octopus mobile APP in Lo Wu, Shenzhen
- Top up e-CNY wallets with BOCHK personal bank accounts

VA&Web3.0

e-CNY

Mainland visitors can pay retail merchants with e-CNY wallets in Hong Kong

> Inbound Mainland visitors

## **Cross-boundary usage of e-CNY**

We support more innovations from financial institutions and corporates exploring cross-boundary usage of e-CNY, focusing on retail payments and two-way connectivity.

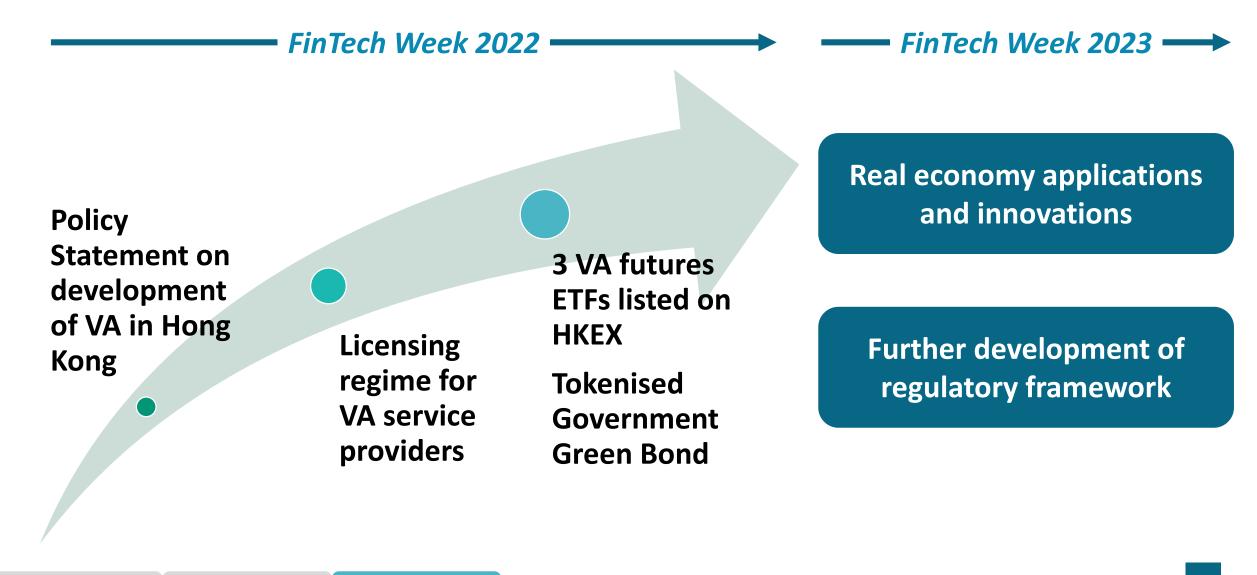


e-CNY

BOCHK will enhance e-CNY offerings to improve user experience

- Connecting e-CNY ecosystem with payment vehicle and banking payment system in HK
- More future applications and use cases of e-CNY in the GBA

## Promoting sustainable development of VA and Web3.0



New IFP

## **Real economy applications and innovations**

We encourage exploration of Web3.0 to empower and enable real economy related applications and innovations with tangible benefits such as reducing cost, improving efficiency and serving financing and investment needs of the market

Product and project ideas from the market		
Tokenisation of real world assets	Tokenisation of financial assets	Use of distributed ledger technology
Tokenise artifacts and related intellectual property rights	More efficient settlement and other benefits e.g. more timely Net Asset Value update	To track and incentivise generation of renewable energy

e-CNY

## Further development of regulatory framework

SFC to issue circulars on intermediaries engaging in tokenised securitiesrelated activities and tokenisation of SFC-authorised investment products

To expand regulatory remit to cover buying and selling of VAs beyond trades taking place on VA trading platforms

FSTB and HKMA to issue joint consultation on regulatory regime for stablecoin issuers

HKMA to continue consulting the industry on its guidance on banks' provision of digital asset custodial services

e-CNY

# **Thank You**