

財經事務及庫務局
香港添馬添美道2號
政府總部24樓



**FINANCIAL SERVICES AND
THE TREASURY BUREAU**
24/F, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

**Financial Services and the Treasury Bureau announces
major initiatives to foster co-development of fintech and the real
economy: (1) A New Integrated Fund Platform**

Introduction

The Chief Executive announced in the 2023 Policy Address the launch of a new Integrated Fund Platform (IFP). This document issued by the Financial Services and the Treasury Bureau (FSTB) outlines the framework and proposed offerings for the IFP as a new financial infrastructure for the Hong Kong market.

2. Financial market infrastructures that facilitate the clearing, settling or recording of payments, securities, derivatives or other financial transactions constitute an essential foundation for the smooth functioning of an economy, and play a critical role in fostering financial stability, promoting market development, and encouraging innovations. The proposed IFP will be the latest addition to a comprehensive suite of financial infrastructures in Hong Kong, targeting the retail fund sector with a view to better serving investors, fund managers, distributors and other stakeholders

within the ecosystem.

3. The IFP will be developed and operated by Hong Kong Exchanges and Clearing Limited (HKEX). Subject to industry engagement, system development and testing, the first phase of the platform will be ready for launch by the end of 2024. It is proposed to cover the front-to-back distribution life cycle and value chain for distribution of retail funds in Hong Kong. It will serve as an integrated platform covering the roles of Communication Hub; Business Platform; and Information Portal, thus strengthening Hong Kong's position as an international asset and wealth management centre.

Communication Hub

4. The Communication Hub of the IFP seeks to offer a comprehensive network connecting potentially fund managers, distributors, transfer agents, and/ or trustees/ custodians within the ecosystem, facilitating exchange of data and messages for fund transactions in an efficient manner. The launch of the platform will simplify the existing relationships and connections among different participants in the retail fund market, hence improving structural efficiency, and reducing transactional, compliance, and administrative/ servicing costs.

Business Platform

5. It is aspired that the Business Platform of the IFP will cover various aspects of fund subscription and redemption (including for example fund order routing, and payment and settlement) and through the offer of nominee services, support corporate actions and other operational aspects of funds. Fund managers can also tap into various distribution channels via a single point of connection with the IFP. Having HKEX, the market operator of our securities and derivatives market, to develop the IFP can bring potential synergies and additional values to the proposed business offerings and functionalities of the platform.

Information Portal

6. The IFP will serve as an Information Portal aiming to benefit the investing public with more information and transparency on fund investment options. The portal shall provide various information on funds, including for example offering documents, fact sheets, and fees and charges, with a view to facilitating members of the public to make informed investment decisions.

Generating new business opportunities

7. Another key objective to launch the IFP is to facilitate both fund managers and intermediaries, including small to medium-sized market participants, to join the Hong Kong retail fund market. With the IFP serving

as an integrated platform and gateway, fund managers around the world can more easily navigate the market landscape of the Hong Kong and distribute their fund products in our market. On the distribution front, more eligible intermediaries can also explore business opportunities in distributing fund products and broadening their source of revenue by joining the IFP.

8. Hong Kong is a well-established international asset and wealth management centre with over HK\$30 trillion in asset under management and over 2 000 licensed asset management firms. The launch of the IFP will facilitate entry into the retail fund market and potentially provide impetus for further growing our asset and wealth management industry in terms of both market size and diversity of market participants.

Further potentials

9. Looking into the future, the IFP has the potential to enhance its service offerings for the retail fund market in Hong Kong, for example in adding efficiency to the performance of due diligence process for intermediaries and fund managers. It can also enhance the level of digitalisation for the fund transaction process, and help standardise messages format used across the fund platform. With a more integrated fund servicing platform offering a diverse range of fund products and distribution channels, it will pave the way for our exploring cooperation and connection with other fund markets including the Greater Bay Area and other parts of the Mainland in future.

Conclusion

10. HKEX will further engage industry participants in its development and roll out of the IFP. FSTB encourages market participants to actively explore onboarding the IFP upon its launch, joining the efforts of the HKEX to develop an integrated fund platform for Hong Kong benefitting the retail fund market ecosystem as a whole.

財經事務及庫務局
香港添馬添美道2號
政府總部24樓



**FINANCIAL SERVICES AND
THE TREASURY BUREAU**
24/F, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

**Financial Services and the Treasury Bureau announces
major initiatives to foster co-development of fintech and the real
economy: (2) Welcoming e-CNY applications to benefit inbound
and outbound visitors between the Mainland and Hong Kong**

FSTB is pleased to note that Octopus Cards Limited (OCL) and Bank of China (Hong Kong) (BOCHK) will seek to explore new e-CNY application scenarios, with a view to benefitting both inbound Mainland visitors to Hong Kong and outbound Hong Kong residents visiting the Mainland. Earlier this year, OCL has partnered with Bank of China Shenzhen Branch to facilitate purchase of e-CNY hard wallets by Hong Kong residents, via Self-service Card Issuing Machines in Lo Wu, Shenzhen using the Octopus mobile application. Payments using e-CNY hard wallet cards offer convenience as they require no bank account opening, mobile phone or internet connection. Also, BOCHK has launched e-CNY services facilitating inbound Mainland visitors to pay retail merchants with e-CNY wallets in Hong Kong, and offering Hong Kong customers with a convenient option to top up e-CNY wallets from their Hong Kong personal bank accounts.

2. These initiatives represent cross-boundary financial innovations, connecting the e-CNY ecosystem with payment vehicle and banking payment system in Hong Kong. These innovations focus on retail payments, facilitating cross-boundary consumption and the interconnectivity within the Greater Bay Area. The successful launch of these initiatives demonstrate the viability and practicality of e-CNY cross-boundary usage, enabling inclusive, efficient, and low-cost financial solutions for cross-boundary retail payments. They also pave the way for exploring more future application scenarios and use cases of e-CNY in the Greater Bay Area.

3. As a next step, subject to regulatory approval and technical readiness, FSTB welcomes OCL to provide an inbound solution facilitating Mainland tourists' use of e-CNY in Hong Kong through topping up Octopus Cards in tourist mobile application. Riding on the capabilities of the e-CNY mobile application and the infrastructure of OCL, other forms of e-CNY applications for both inbound and outbound visitors will also be explored in the near future. Moreover, BOCHK will continue to enhance its e-CNY offerings for customers to optimise user experience.

4. FSTB supports more innovations exploring cross-boundary usage of e-CNY, focusing on retail payments and two-way connectivity in accordance with relevant regulations and compliance requirements. We welcome and encourage more innovations from financial institutions and corporates in this regard.

財經事務及庫務局
香港添馬添美道2號
政府總部24樓



**FINANCIAL SERVICES AND
THE TREASURY BUREAU**

24/F, Central Government Offices,
2 Tim Mei Avenue,
Tamar, Hong Kong

Financial Services and the Treasury Bureau announces major initiatives to foster co-development of fintech and the real economy:

(3) Promoting real economy related applications and innovations by the Virtual Assets (VA) and Web3.0 sector, and further developing the regulatory framework

The Government is committed to establishing a facilitating environment for the development of the VA and Web3.0 sector, with timely and necessary guardrails to mitigate actual and potential risks. Further to the establishment of a licensing regime for virtual asset trading platforms, the Government will seek to promote real economy related applications and innovations by the sector, and further development of the regulatory framework for VA-related activities.

2. With suitable steer and support through well-designed policies and a comprehensive regulatory framework, the Government encourages market participants to explore the potential of the underlying technologies of Web3.0 to empower and enable real economy related applications and innovations that would bring tangible benefits to the market, such as reducing cost, improving efficiency and serving financing and investment

needs of the market. A dedicated session was arranged in the FinTech Week for market participants to share product and project ideas around 1) tokenisation of Real World Assets (RWA), e.g. artifacts and related intellectual property rights; 2) tokenisation of traditional financial assets offering more efficient settlement and other benefits, e.g. more timely Net Asset Value update; and 3) utilisation of distributed ledger technology to track and incentivise generation of renewable energy.

3. On the regulatory side, the focus is to further enhance the regulatory framework in view of the latest market developments. With regard to tokenisation, to enhance clarity for the market, the Securities and Futures Commission (SFC) has issued a circular on intermediaries engaging in tokenised securities-related activities and a circular on tokenisation of SFC-authorized investment products to shed light on the regulatory expectations from an investor protection perspective. The Government also intends to expand the regulatory remit to cover the buying and selling of VAs beyond trades taking place on VA trading platforms. As for the regulatory regime for stablecoin issuers, the FSTB and the Hong Kong Monetary Authority (HKMA) will issue a joint consultation on the legislative proposal for implementing the regime in due course, inviting feedback from the industry and the public. The HKMA will also continue to consult the industry on its guidance on banks' provision of digital asset custodial services, to ensure client assets are adequately safeguarded and that the risks involved are properly managed.

Ends