



Press Release

**FSDC releases report
“Cementing Hong Kong’s Role as a
Premier Private Wealth Management Hub”**

Hong Kong, 7 September 2022 – The Financial Services Development Council (FSDC) today released a research report titled “Cementing Hong Kong’s Role as a Premier Private Wealth Management Hub” with an aim of further developing the private wealth management (PWM) industry in Hong Kong.

Against the backdrop of the well-established digitalisation trend in the industry, this FSDC report details the latest PWM developments and identifies relevant areas, particularly from a regulatory perspective, that are playing a crucial role in bolstering the PWM industry.

“Despite the global economic headwinds and in the face of the COVID-19 pandemic, Hong Kong’s PWM industry has shown great resilience over the past years. In particular, Hong Kong is expected to takeover Switzerland to become the world’s largest cross-border wealth management centre by assets under management (AUM) in 2023,¹ and the total AUM held by PWM business continued to account for approximately one-third of that of the whole asset and wealth management business in Hong Kong.²” said Laurence Li SC, Chairman of the FSDC. “In order to continue such momentum and to capture future opportunities, our proposed enhancement to existing regimes can inject further impetus and will reaffirm Hong Kong’s proposition as an international financial centre.”

The report proposes recommendations revolving around five key areas, namely, know-your-customer (KYC) practices, professional investor (PI) regime, suitability framework, tax treatments, and education and talent development.

¹ <https://web-assets.bcg.com/d4/47/64895c544486a7411b06ba4099f2/bcg-global-wealth-2021-jun-2021.pdf>

² https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/AWMAS-2021_final_e.pdf



Corresponding recommendations include (i) aligning the KYC regimes dealing with anti-money laundering, suitability, and PI across the financial services industry; (ii) introducing a sophisticated PI classification and a higher asset based PI test in which suitability obligations could be exempted; (iii) reviewing the current suitability framework and suitability obligations; (iv) introducing tax treatments for the PWM industry in conducive to a more competitive investment environment; and (v) leveraging the collective efforts by the industry and universities in grooming and readying talents.

The full version of the report can be downloaded from the FSDC website: www.fsd.org.hk.

About the FSDC

The FSDC was established in 2013 by the Hong Kong Special Administrative Region Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

The FSDC has been incorporated as a company limited by guarantee with effect from September 2018 to allow it to better discharge its functions through research, market promotion and human capital development with more flexibility.

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