

## **FSDC releases report on CEPA**

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The Financial Services Development Council (FSDC) today (September 8) released a report titled “Policy Development Proposals on the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)”.

The report noted that the contributions of CEPA to the economy of Hong Kong have been substantial, helping to drive a robust economic growth between 2003 and 2008 at an annual rate of over 6%.

The report also demonstrated that CEPA has brought tremendous opportunities to different players of the financial services industry in Hong Kong. For instance, more Hong Kong-incorporated banks became eligible to establish branches in the Mainland since 2004 as the asset size requirement was lowered; the introduction of the Renminbi Qualified Foreign Institutional Investors (RQFII) arrangement provided impetus for developing new RMB-denominated investment products in Hong Kong and benefited our securities and asset management industry; and a number of Hong Kong insurance brokerage companies have received approval to set up wholly-owned insurance agencies in Guangdong.

The Chairman of the FSDC, Mrs Laura M Cha, said, “The Government has been working very hard on further opening up the Mainland market for Hong Kong’s financial services industry under CEPA and other arrangements. Nevertheless, there is still considerable room for development under the current CEPA framework and the industry should explore that in greater depth.”

The report provided nine specific policy recommendations, including introducing the negative list concept to CEPA; expanding the setting up of cross-location bank sub-branches and wholly-owned insurance agency companies beyond Guangdong Province; allowing entry of small- and medium-sized securities and futures companies and introducing brokers into the Mainland; permitting distribution in the Mainland of open-ended mutual funds investing in Hong Kong-listed stocks; setting up a mutual recognition mechanism for investment funds; and relaxing the restrictions on insurance companies to form joint ventures and to make portfolio investment in the Mainland.

The FSDC believes that the measures proposed would further support development in our banking, securities, futures, asset management and insurance industries, and deepen cooperation between the financial services industry of the Mainland and Hong Kong.

The report can be downloaded from the FSDC website: [www.fsd.org.hk](http://www.fsd.org.hk).

### **About the FSDC**

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

The FSDC established five committees, namely the Policy Research Committee; Mainland Opportunities Committee; New Business Committee; Market Development Committee; and Human Capital Committee.

Ends/Monday, September 8, 2014