

**Economic Summit on  
“China’s 11<sup>th</sup> Five-Year Plan and the Development of Hong Kong”**

**Consolidating Hong Kong’s Position as an  
International Financial Centre**

**Executive Summary**

(Translation)

This paper discusses the financial development strategy for Hong Kong in response to the 11<sup>th</sup> Five-Year Plan, considering the associated challenges and opportunities. It analyses the issues from the government and regulators’ perspective, with a view to initiating discussions while a practical “action agenda” will be formulated in the next few months. Members are invited to offer comments on the recommendations below and other suggestions that are worth pursuing.

**(I) Stock Market**

2. Hong Kong has long been recognised as an important international financial centre and the premier capital formation centre for the Mainland. Looking ahead, apart from continuing our efforts to encourage quality Mainland enterprises to list in Hong Kong, we may consider broadening the source of corporations seeking to use Hong Kong as a platform for listing, with a view to attracting listings of quality overseas companies. This will strengthen Hong Kong’s position as an international financial centre.

## **(II) Asset Management Industry**

3. Hong Kong is one of the most important international asset management centres. The Central authorities announced in April this year measures to allow investment in overseas financial markets through qualified institutional investors. Under the new measures, the huge savings in Mainland will become a growth driver for Hong Kong's asset management industry. To attract Mainland funds to invest in Hong Kong markets, we recommend conducting a study on ways to further develop Hong Kong into a regional asset management centre, including measures to encourage product development.

## **(III) Commodity Futures Market**

4. The 11<sup>th</sup> Five-Year Plan (Section 2 in Chapter 33) mentioned the gradual development of a commodities futures market. Hong Kong may examine whether and how the commodity futures market would be developed with a view to serving the country by performing the risk transfer function of a commodities future market, and enhancing the function performed by, and product development in, the Hong Kong financial markets.

## **(IV) Foreign Exchange Futures Contracts**

5. The 11<sup>th</sup> Five-year Plan (Section 3 in Chapter 33) mentioned the goal of gradually achieving full convertibility of the Renminbi capital account. Hong Kong may examine whether and how to develop exchange-traded foreign currency futures contracts. In the long run, this will not only facilitate the Mainland in managing risks associated with the exchange rate, but also broaden the products and functions of the Hong Kong financial markets.

## **(V) Insurance Industry**

6. Hong Kong is one of the most open insurance markets in the world. Our regulation relating to corporate governance, market transparency, margin of solvency, etc., is on a par with international standards. We may continue to foster mutual exchanges between the insurance practitioners in Hong Kong and the Mainland, and develop Hong Kong into a training centre in insurance business. The rapid development

of the Mainland insurance industry has generated much demand for reinsurance. As an international insurance and reinsurance market, Hong Kong is well positioned to meet such demand for reinsurance services, and to facilitate the development of the Mainland financial markets and their integration with the international markets.

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