SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會
SFC
證監會

The KFS came into force in June last year, and Hong Kong is one of the first major international financial centres to require product summary statements. The EU introduced the Key Investor Information Document last July, and regulators in major markets are also considering introducing summary documents.

We also introduced ongoing disclosure obligations throughout the life of certain products, so that investors are updated on material information on an ongoing basis.

In addition, issuers and intermediaries would be required to provide investors with a cooling-

As mentioned in the beginning of my remarks, the global financial reforms have extended the scope of regulation to include CRAs and the OTC derivatives market.

The SFC consulted the market on the creation of a new regulatory regime for CRAs (Type 10 regulated activity), which received overall support from respondents. The regime is expected to be implemented in mid 2011, upon completion of the relevant code and legislative amendments.

The SFC will work with the Government, the Hong Kong Monetary Authority, the Hong Kong Exchange and Clearing Limited (HKEx) and relevant stakeholders to build a regulatory regime for OTC derivatives markets. The SFC plans to consult the market on the regulatory regime by the third quarter of 2011. The regulatory regime would cover:

- the reporting of OTC derivatives transactions (interest rate swaps and non-deliverable forwards at the initial stage) to a trade repository and

- the clearing of standardised OTC derivatives transactions through an authorized central clearing party.

Opportunities for Hong Kong

Hong Kong has a robust and efficient institutional structure, regulatory framework and market infrastructure benchmarked to international standards. Together with its simple tax structure, the rule of law and its openness, these are the hallmarks of brand Hong Kong that have made Hong Kong a successful international financial centre that has drawn the top financial and professional firms of the world to set up shop here and attracted investors from around the world.

Our success also lies in Hong Kong's unique advantage. Hong Kong is part of China – the economic powerhouse of this century – but it operates under its own systems. This combination has made Hong Kong highly attractive to international investors who like the quality of Hong Kong's institutions and are excited by the "China story".

Hong Kong has therefore been ideally placed to play a pivotal role in the Mainland's gradual and pragmatic opening up of its capital market from the early stage of fund raising, to investing its surplus savings abroad and participation of Mainland firms in Hong Kong before venturing abroad.

Our cooperation with the Mainland on its market opening has successfully won the trust of international and institutional investors on one hand, and the confidence of Mainland authorities, on the other hand, to allow a fast growing number of Mainland enterprises (first the state-owned enterprises, then the private enterprises) to list in Hong Kong.

- As at the end of February, 42% of the total number of listed companies is Mainland companies and they accounted for 56% and 48% respectively of total market capitalisation and turnover.

- For the period of 12 months ending September 2010, overseas investors accounted for 47% of trading in the cash market and institutional investors made up 65% of the cash market.