HK FINANCIAL SERVICES DEVELOPMENT COUNCIL 香港金融發展局

Hong Kong's Capital Market Leadership 2.0:

A Shared Action Agenda for Building Hong Kong's Global Capital Nexus

A Follow-Up to the FSDC Concept Paper Published in December 2025

September 2026
FSDC Paper No.74

Contents

Executive Summary

Executive Summary

For decades, the Hong Kong dream has been realised time and again. The city has evolved from a small fishing village into a trade port, then into an export-oriented manufacturing city, and finally into Asia's premier financial centre. Today, Hong Kong stands as a major global financial hub, and its role as a global capital nexus has become more pressing than ever in the current global environment.

The city's financial-services momentum is broad-based and increasingly structural, spanning capital markets, asset management, private wealth and family offices, banking, insurance, RMB, gold and digital assets. International sentiment has improved, though not uniformly. More needs to be done on addressing areas where we are less competitive. Opportunities of this scale and intensity rarely come by.

Reasserting "international": Hong Kong's compelling proposition amid fragmentation

Strategic competition is now conducted through the plumbing of the world economy. Export controls, investment screening, and restrictions on critical investment have made the routing of global capital a matter of policy as much as price. Central banks, global investors and corporates have responded by seeking resilience, which in practice means a preference for markets that combine growth exposure, policy stability and genuine diversification. Few jurisdictions offer all three. Hong Kong, with common law adjudication, unrestricted capital movement, multi-currency settlement, and dual connectivity with the Chinese Mainland and international markets, has the privilege to connect and intermediate among capital markets that are otherwise drifting apart.

Reasserting the "I" in international financial centre is therefore a strategic decision with consequences well beyond market rules. Hong Kong as an ecosystem needs to ensure we are internationally-oriented and competitive. Our draw must be holistic and attractive. The corollary inside the capital market is that just being a listing venue is no longer a sufficient proposition - companies choose markets that will finance them through expansion, downturn, refinancing and restructuring, and investors commit to markets where positions can be adjusted, hedged and exited at scale. Closing the gaps in that lifecycle, most visibly in corporate rescue and in the cost and predictability of primary execution, is what converts geopolitical realignment into durable capital flow.

Benchmarking the multi-asset ecosystem built for a changing landscape

Index products have taken on unprecedented importance – they are not merely passive reflectors of the market and its changes; they have increasingly become the bellwether for global capital flows and thus facilitate market development. Nevertheless, against the backdrop of a rapidly changing geopolitical and economic landscape, alongside rapid technological breakthroughs and global industrial shifts, index products have lagged behind these dynamics. Global risk premia and investor preferences are now moving faster than conventional review cycles can accommodate.

That leaves newly listed companies outside indices, derivatives coverage and lending programmes long after they have become economically significant. Shortening that interval, through more frequent and event-responsive index maintenance and earlier establishment of the secondary market apparatus, tightens the link between primary and secondary activity. Supply must also address domestic liabilities as well as global mandates, particularly the longevity and retirement needs of an ageing population, where index-linked retirement products would benefit from clearer regulatory pathways.

Another challenge — or opportunity, if viewed from a different perspective — lies in the state of underlying assets, rather than in index compilation itself. Conversely, demand for these index products can, in turn, drive the development of the underlying asset classes. For example, in the absence of mature and sustained benchmark yield curves, it is a tall order to develop fixed income or cross-asset index products. The Hong Kong SAR Government's bond issuance framework and the new measures to support the development of the fixed income and currency market are helping to establish predictable and consistent curves in both Hong Kong dollars and RMB. Relevant index products will help to accelerate this process by attracting investors.

Digitalisation as the enabler for the capital market advancement

Digitalisation is a critical component of the market rather than a separate vertical, and its value is realised through mainstream workflows. The immediate task is execution. Shortened settlement, uncertificated securities and trading-unit reform arrive in close succession, and their cumulative demands fall unevenly across the intermediary base. Sequencing that recognises differing capacity, and support that preserves a level playing field, will determine whether these programmes deliver structural gains or simply raise the cost of participation.

Beyond that, digitalisation is where Hong Kong can build lasting infrastructure advantage. Developing regionally significant depository and custody capability addresses a concentration risk that global institutions increasingly recognise in incumbent providers. That capability is also an internationalisation strategy in its own right, with reach already extending beyond Hong Kong. Structured, machine-readable issuer data lowers the cost of research, indexing and surveillance simultaneously. Bringing digital instruments inside the ordinary market perimeter, in investor classification, custody recognition and cross-border access, allows tokenised issuance to compete on economics rather than novelty. Each is a foundation for the other pillars.

From agenda to action plan

Timing is of essence. Right after the FSDC set out the case of Hong Kong as the global capital nexus in the digital era in its December 2025 Concept Paper,[1] this report converts the vision into an action plan, drawing on more than 600 practitioners from Hong Kong, Mainland and international institutions across over 30 closed-door roundtables.

As the Hong Kong SAR Government prepares for its first Five-Year Plan, the FSDC believes developing a capital market for the future which integrates with the international ecosystem is not merely an option but an imperative. The Government's planning cycle presents a pivotal opportunity to move beyond reactive policymaking and adopt a proactive, strategic posture that positions Hong Kong as the definitive capital-formation hub for the Asian time zone. This requires a deliberate commitment to interoperability, ensuring our rules, infrastructure, and instruments are natively designed to connect with global counterparts. The FSDC therefore considers the recommendations within this 2.0 Report spanning issuer viability, investor access, intermediary proportionality, instrument innovation, and infrastructure evolution as the foundational pillars of its economic strategy. The Council believes a Five-Year Plan that embeds a clear, actionable roadmap for capital market modernisation will drive long-term competitiveness and national financial security.

1 FSDC. (2025, December 12). *Hong Kong's capital market leadership: A super-connector path to the global capital nexus in the digital era* [Concept paper].

Table: The Strategic Roadmap – Key Recommendations

Short-term Priorities: Capturing the Inflection

Carry the in-flight reform agenda through to structural — not incremental — outcomes

- A T+1 implementation aligned to the 4Q 2027 milestone indicated by the HKEX, with due regard to feasibility and implementation timeline across stakeholder cohorts and the resource support needed to maintain a level playing field (Intermediaries).

Reduce lifecycle execution friction

- Regulatory calibration of bookbuilding mechanics, connected-party requirements in secondary placements, and liability management procedures (Issuers).

Recalibrate investor access

- Modernisation of the Professional Investor definition to recognise digital asset holdings custodied with SFC-licensed platforms (Investors).

Begin the mobilisation of patient capital

- MPF eligibility for alternatives and infrastructure through a ring-fenced category (Investors);
- Ensure investable local product supply, including longevity-finance and retirement-linked instruments such as Class C linked long-term business category and indexed universal life insurance (Instruments);
- Structured engagement with Mainland pension capital on the access conditions required for international deployment through Hong Kong (Investors).

Recalibrate Connect for the next decade

- Refine eligibility methodologies to better recognise dual primary listed foreign issuers where index constituency understates scale (Issuers);
- Extend criteria-based access to secondary-listed companies of demonstrated quality (Issuers);
- Broaden Southbound product eligibility under Wealth Management Connect and ETF Connect (Investors).

Medium-term Priorities: Building Architectural Depth

Consolidate listing competitiveness gains

- Publish extensive interpretive guidance on the refined "innovation" test, applied in a manner that preserves discretion at the margin (Issuers);
- Address IPO timeline and cost through procedural changes benchmarked against peer venues and subject to a defined implementation timeline (Issuers).

Design and enact a fit-for-purpose corporate rescue framework

- Reform court-supervised regime with automatic moratorium, debtor-in-possession financing, and cramdown for a full-lifecycle capital formation framework (Issuers).

Build a dual/multi-currency benchmark yield curve

- Build on the Government's existing issuance framework — including half-yearly tentative tender schedules and regular longer-tenor offerings — to enhance predictability, continuity and maturity coverage across HKD and RMB bonds (Issuers);
- Ensure broad participation by coordinating a pipeline of issuers — government-related entities, supranationals, multilateral development banks, and corporates — to anchor a deeper and more liquid debt market around the benchmark curve (Issuers).

Rebuild intermediary economics

- Develop a structured analysis of how Hong Kong's clearing architecture interacts with capital usage for cross-product intermediation (Intermediaries);
- Initiate a proportionality review for smaller intermediaries managing compounded reform burdens from the rollout of Uncertificated Securities Market, T+1, and trading-unit reforms (Intermediaries);
- Adopt an iXBRL or comparable structured-data standard for HKEX issuer financial reporting, aligned with practice in peer markets (Infrastructure).

Long-term Priorities: Completing the Indispensable Nexus

Develop CMU OmniClear as a regionally significant international central securities depository (CSD)

- Support its development through ongoing market engagement and phased implementation, positioning it as a credible alternative amid increasing concentration risks in established global infrastructures (Infrastructure);
- With scope to evolve into a broader multi-asset platform, potentially with fixed income and equity custody under unified governance over time (Infrastructure).

Integrate the digital and traditional market architecture

- Embed digital instruments in mainstream workflows (Instruments);
- Close the gap between Hong Kong's digital asset perimeter and broader market architecture across investor classification, and cross-jurisdictional connectivity (Instruments).

Complete the institutional foundation

- Trusteeship, custody, legal assurance, restructuring, and dispute resolution should be positioned as differentiating market components (Intermediaries).

Introduction

Introduction

Each generation has read the Hong Kong Dream differently, yet each read it through the market. In the capital market, from building a professional exchange and a shareholding public, then pricing the entry of Mainland enterprises into global markets, and more recently underwriting technology, biotechnology and cross-border wealth, the constant is a willingness to reorganise the market when the economy it serves changes. That is again required.

The foundations remain strong. Hong Kong offers an internationally trusted common law framework, unrestricted capital flows, advanced multi-currency settlement, the deepest offshore RMB market, and connectivity with both the Mainland and international markets. The city ranks third globally and first in the Asian time zone in the Global Financial Centres Index.[2] In 2025, it became the world's largest cross-border wealth management centre, overtaking Switzerland, while single-family offices exceeded 3,380, some 680 more than two years earlier.[3,4] China's 15th Five-Year Plan supports further enhancement of Hong Kong's status as an international financial centre, and the HKSAR Government's own first Five-Year Plan consultation places high-quality development of that status among its priorities.[5]

The competitive context has nonetheless changed. Economic statecraft has become routine, and the resulting search for resilience is redirecting capital towards jurisdictions that remain open, predictable and legally reliable. New capital pools are forming in the Gulf and across Asia. Regional venues are competing hard for listings and asset management mandates. The Mainland is opening its capital account incrementally and RMB internationalisation is accelerating. Reliance on a small number of global market infrastructures has come to be recognised as a systemic vulnerability. Taken together, these shifts redefine what competitiveness means: the capacity to intermediate across markets, products, currencies and risk exposures, on infrastructure that is efficient, resilient and trusted.

This Report responds to the interest expressed by market participants in an action-oriented sequel to the Concept Paper. It draws on engagement with more than 600 practitioners at Hong Kong, Mainland and international institutions, gathered through over 30 closed-door roundtables and sessions with industry associations, chambers of commerce and professional bodies. Its purpose is to identify what should be done, in what order, and by whom. All analysis and recommendations are organised through the expanded 5Is framework — Issuers, Investors, Intermediaries, Instruments, and Infrastructure.

2 Wardle, M., & Mainelli, M. (2026, March). *The Global Financial Centres Index 39. Long Finance & Financial Centre Futures. Produced by Z/Yen in partnership with CDI.*

3 Boston Consulting Group. (2026, May). *2026 Global Wealth Report: The Great Reordering. BCG. (Report co-authored by Michael Kahlich, Managing Director and Partner at BCG).*

4 Deloitte China. (2026, February). *Hong Kong family office market research (Commissioned by InvestHK). Deloitte. (Lead authors: Patrick Yip, Deloitte China Vice Chair; Lau Ming Yeung, Deloitte China Private Leader).*

5 Hong Kong Special Administrative Region Government. (2026, June). *The First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-2030): Public Consultation Document.*

Five Pillars for a Global Capital Nexus

Five Pillars for a Global Capital Nexus

The Concept Paper introduced a four-pillar framework — Issuers, Investors, Intermediaries, and Instruments — as a practical organising lens for assessing a capital market ecosystem. That framework proved effective in anchoring analysis across a wide range of market dimensions and in structuring the case for Hong Kong's evolution into an indispensable global capital nexus for the digital era.

In preparing this 2.0 Report, the extensive consultation with industry experts affirmed and extended the original framework. Still, a clear and consistent message emerged: Infrastructure — in its contemporary form — can no longer be treated as a mere backdrop to the other four pillars. It demands recognition as a strategic determinant of capital market competitiveness. In increasingly interconnected, digital-intensive capital markets, settlement efficiency, collateral mobility, post-trade modernisation, and digital market rails directly govern a market's capacity to attract and retain participants. They shape liquidity depth, define the conditions for sophisticated cross-border activity, and determine scalability at pace. Markets that lead in these dimensions strengthen every other pillar.

This Report, therefore, adopts an expanded 5Is framework, with Infrastructure elevated as a fifth pillar. Together, these five pillars provide a more complete and operationally rigorous basis for assessing Hong Kong's capital market ecosystem and for framing a coherent agenda to strengthen its long-term leadership. All substantive analysis and recommendations in this report are organised and assessed through this expanded lens.

- **Issuers:** Broadening the listing base beyond traditional sectors by attracting global and regional champions, innovation-led enterprises, and digitally native firms from across geographies.
- **Investors:** Deepening engagement with global institutional capital — pension funds, insurers — alongside private wealth investors and family offices, to anchor long-duration, patient investment flows.
- **Intermediaries:** Fortifying the expertise and capacity of Hong Kong's financial services ecosystem by supporting new asset classes, complex cross-border products, and next-generation digital instruments, while leveraging intermediaries' networks to drive broader participation in local markets.
- **Instruments:** Pioneering a new generation of investment vehicles, from tokenised real-world assets and sustainable finance products to expanded derivatives, private credit, and alternative structures, while also enhancing established offerings, such as longer-tenor bonds to match targeted investors' demand.
- **Infrastructure:** Advancing the settlement, clearing, collateral, and digital market systems that underpin market efficiency, resilience, and scalability — and that increasingly define competitive advantage in the digital era.

Issuers - Hong Kong as a Full-Lifecycle Capital Formation Venue

Issuers - Hong Kong as a Full-Lifecycle Capital Formation Venue

A full-lifecycle capital formation centre serves companies throughout their capital journey — IPO, follow-on offerings, convertible issuances, debt financing, liability management, restructuring, M&A, and reorganisation or relisting. A broad universe of issuers is involved: corporations, sovereign-related entities, international organisations and agencies, multilateral development banks, and infrastructure and development-finance vehicles.

(I) From Listing Venue to Capital Formation Centre

Listing Regime: Competitiveness Without Compromise

In July 2026, HKEX published the conclusions to its consultation on enhancing listing competitiveness,[6] adopting, with modifications and clarifications, a package of reforms first proposed in March 2026. The new Listing Rule requirements took effect immediately upon publication.

The updated measures are directionally consistent with the Concept Paper, which envisaged Hong Kong evolving beyond a traditional listing venue into a broader capital formation nexus by refining listing channels and strengthening support for innovation-led enterprises. They lowered the financial eligibility thresholds for WVR and secondary listings, refined the "innovation" test, improved pathways for overseas-listed issuers, broadened access to confidential filing, and introduced other facilitative measures.

First, the refinement of the "innovation" test is among the most consequential elements of the adopted reforms. It expressly creates a pathway for non-technology issuers applying new business models to list with WVR that was called in the Concept Paper. It also expands the scope of technology companies presumed to be innovative, including qualified biotech and specialist technology companies even where they do not seek to list under Chapter 18A or Chapter 18C. Still, companies could benefit from extensive interpretive guidance where ambiguity is preserved at the margin. Furthermore, a more principle-based review, while preserving discretion at the margin, may better reflect the intent of the 2018 reforms. This is particularly true when considering IPOs of frontier-technology companies that have distinctive governance and capital-structure features.

Second, for WVR issuers, the latest reform lowers the financial eligibility thresholds to a market capitalisation of at least HK$20 billion, or at least HK$6 billion with revenue of at least HK$600 million for the most recent audited financial year. It permits a higher WVR voting ratio cap of 20:1 where market capitalisation at listing is at least HK$40 billion, and allows a lower WVR shareholding percentage of at least 5% where it represents at least HK$4 billion at listing. The reform also improves access for overseas-listed issuers. WVR secondary listing thresholds are aligned with the new primary WVR thresholds, while the market capitalisation threshold for certain non-WVR secondary listings is reduced from HK$10 billion to HK$6 billion. HKEX will publish streamlined guidance on conversion from secondary to primary listing. These changes should make Hong Kong more attractive to issuers who are considering the city as part of their longer-term capital markets strategies.

6 Hong Kong Exchanges and Clearing Limited. (2026, July 24). *Exchange publishes consultation conclusions on proposals to enhance listing competitiveness. HKEX.*
https://www.hkex.com.hk/News/Regulatory-Announcements/2026/260724news?sc_lang=en

Market participants further raised the question of whether WVR beneficiary eligibility should extend beyond the founder-CEO model to include irreplaceable technical contributors whose departure would materially affect enterprise value. In this regard, the UK practice offers a benchmark: its 2024 Listing Rules reform broadened WVR eligibility beyond directors to include employees, natural-person investors, and others, reflecting a similar recognition that control-retention concerns are not confined to the executive role.[7]

Furthermore, the reforms strengthen the application discipline. Under the enhanced Return Mechanism, where an application is returned for not being substantially complete, HKEX will display not only the sponsor's identity, but also the identities and roles of the professional parties involved in preparing the application materials, together with the reasons for return. That would enhance disclosure quality and professional accountability.

That said, the IPO timeline and cost question remains a concern. There is an end-to-end listing timeline of six to eight months or longer, while the cost structure is relatively high for small and mid-sized issuers compared to peer venues. This would pose a considerable obstacle for mid-sized international and ASEAN issuers seeking to list in Hong Kong. Closing this gap requires procedural changes that are specific, measurable, explicitly benchmarked against the most competitive peer venues, and subject to a defined implementation timeline.

Finally, regarding the specialist chapters and regimes for listing, the SFC and HKEX in May 2025 jointly announced the launch of a dedicated Technology Enterprises Channel (TECH) to further facilitate listing of prospective Specialist Technology Companies (under Main Board Chapter 18C) and Biotech Companies (under Main Board Chapter 18A). The July 2026 reforms further expand the non-public filing option to all new applicants and allow Biotech Companies and Specialist Technology Companies to use the specialist routes even where they are financially eligible under the ordinary Chapter 8 route. These changes give issuers greater flexibility to choose the regime best suited to their business model, disclosure profile and investor base:

- Under Chapter 18A, the eligibility criteria for pre-revenue biotech issuers have operated with a practical standard and a market-oriented framework in two respects. Competent Authority recognition under the Core Product definition is defined as the FDA, EMA, and NMPA, leaving regulators of comparable scientific standing, such as Korea's MFDS, Australia's TGA, the UK's MHRA and others, outside the scope.[8] These other authorities have been assessed by the Exchange on a case-by-case basis.[9] Further, the assessment of the stage-by-stage efficacy and safety outcome in each stage has also created material uncertainty for sponsors and issuers, given the variability in data readouts during clinical development, with consequences visible in valuation methodology dispersion and aftermarket price dislocations that may discourage subsequent institutional participation.

7 Financial Conduct Authority. (2024). *Policy statement PS24/6.* https://www.fca.org.uk/publication/policy/ps24-6.pdf

8 Hong Kong Exchanges and Clearing Limited. (n.d.). *Main Board listing rules, Chapter 18A: Biotech companies. HKEX. Retrieved July 24, 2026,* from https://en-rules.hkex.com.hk/rulebook/chapter-18a-biotech-companies

9 Under the current Listing Rules, the Exchange may, at its discretion, recognise another national or supranational authority as a Competent Authority for the purposes of Chapter 18A in individual cases (depending on the nature of the Biotech Product). Further, according to Chapter 2.3 of the Guide for New Listing Applicants, the Exchange may consider accepting the clinical trials of a Biotech Product that are conducted by other non-Competent Authority on a case-by-case basis with reference to whether (i) such authority can be regarded or authorised as a comparable authority as to the Competent Authorities; (ii) the approval process of that authority in relation to the Biotech Product in question is comparable to the process and expertise of a Competent Authority in terms of assessing the robustness of a Biotech Product; and (iii) there are precedent cases and the basis of other Biotech Products seeking such comparable authority for guidance or reference.

- The SPAC regime under Chapter 18B has seen modest take-up since its introduction. While noting the policy intent behind its design – chiefly, preventing SPACs from being used to circumvent the quantitative and qualitative criteria for a new listing, practitioners have identified a more granular set of frictions than previously articulated: the professional-investor restriction limits the potential investor pool; the requirement that de-SPAC targets meet ordinary IPO listing standards offers little procedural advantage over conventional listings; and the fixed thirty-six-month completion window[10] is challenging when regulatory approval timelines are uncertain and outside the sponsor's control. The HKEX has shown adaptability through temporary modifications running through August 2027, but these have not resolved the case for more fundamental structural reform.[11]

The Stock Connect Framework and the Case for Broader Inclusion

The current eligibility framework of the Stock Connect requires that foreign companies with a primary listing in Hong Kong be constituents of the Hang Seng Composite Indices and meet the relevant criteria.[12,13] Anchoring eligibility to index constituency may be problematic: companies whose Hong Kong-listed shares represent a relatively modest portion of their overall market capitalisation may not accumulate sufficient floating turnover/index weighting to meet the methodology's velocity test thresholds, even if the issuer itself is of substantial global scale and genuine quality.

Benchmark providers globally are working through comparable questions and reviewing methodologies to broaden thematic coverage and complement size-based selection while preserving investability, as are providers in Hong Kong. Such reviews are a constructive response to the design question.

Meanwhile, secondary-listed companies, which are currently excluded from the Stock Connect, present a related but distinct opportunity. There are regional companies of genuine quality — including those with partial state ownership — for which a secondary listing in Hong Kong represents the most viable pathway. Some of these issuers are regarded as key national assets by their home countries; others are mandated to list on their domestic exchanges if they want to tap the public markets for financing; thus, their participation in Hong Kong's market would carry both commercial and reputational value.

Extending Connect eligibility to secondary-listed companies could meaningfully expand the range of international issuers. Considerations may include: (i) global market capitalisation above a specified threshold, reflecting the scale and quality of the issuer rather than the size of its Hong Kong float alone; (ii) continuous Hong Kong listing tenure meeting a minimum period, establishing a demonstrated commitment to the market; (iii) and free-float proportionality relative to global market capitalisation, ensuring a meaningful and accessible Hong Kong presence. The FSDC is also undertaking a deeper examination of how Hong Kong can connect regional markets to Mainland and international capital, in forthcoming research on regional capital-market connectivity.

10 A SPAC must, within 24 months of its listing, publish an announcement in respect of a de-SPAC transaction and, within 36 months of its listing, complete a de-SPAC transaction. A SPAC may apply to HKEX for an extension of these deadlines.

11 Securities and Futures Commission & Hong Kong Exchanges and Clearing Limited. (2024, August 23). Joint announcement of the SFC and the Exchange in relation to temporary modifications to requirements for Specialist Technology Companies and de-SPAC transactions (Ref. No. 24PR139). https://www.hkex.com.hk/News/Regulatory-Announcements/2024/240823news?sc_lang=en

12 Hong Kong Exchanges and Clearing Limited. (2024, September 23). *Information book for investors: Stock Connect.* https://www.hkex.com.hk/-/media/HKEX-Market/Mutual-Market/Stock-Connect/Getting-Started/Information-Booklet-and-FAQ/Information-Book-for-Investors/Investor_Book_En.pdf

13 Securities and Futures Commission of Hong Kong. (2022, December 19). *Joint announcement of the CSRC and SFC.* https://www.sfc.hk/en/News-and-announcements/Policy-statements-and-announcements/Joint-announcement-of-the-CSRC-and-SFC-Dec-2022

Insolvency and Restructuring: Bridging the Structural Gap

Hong Kong's lack of a modern statutory corporate rescue framework represents a gap in facilitating companies' full-lifecycle capital formation – that is, from entrance to exit of public markets. The absence of a mechanism analogous to Chapter 11 of the US Bankruptcy Code or Part 26A of the UK Companies Act,[14] has a direct bearing on how capital is structured and priced, and leaves the city without the conditions necessary for a functioning distressed M&A market. We note that the HKSAR Government maintains the market-led scheme of arrangement as the statutory debt restructuring regime, while keeping an open mind and continuing to collect and evaluate views on the corporate rescue procedure or the existing winding-up regime.[15]

Hong Kong's existing toolkit of informal workouts, schemes of arrangement, provisional liquidation, and receivership is not without utility.[16] But it operates without the automatic stay that prevents creditor races and preserves going-concern value during restructuring negotiations. It requires near-unanimous creditor engagement to achieve binding outcomes and provides neither a debtor-in-possession financing framework nor sufficient meaningful protection against holdout behaviour by dissenting minority creditors — behaviour that is individually rational but collectively value-destroying. The result is a toolkit largely adequate when counterparties are sophisticated and cooperative, but structurally inadequate for the speed, complexity, and multi-jurisdictional dimensions of modern distressed situations. For example, brokerage practitioners have raised the issue that, under current rules, an HKEX suspension renders shares untradeable, leaving shareholders with no exit mechanism.

This gap affects creditor confidence, recovery outcomes, and Hong Kong's overall attractiveness. Continued examination of a fit-for-purpose corporate rescue regime — court-supervised, creditor-rights-conscious, and internationally benchmarked — is accordingly a core market development priority. The design parameters have been established in the international consensus standard and adopted in comparator jurisdictions.[17,18,19] We note that the Government is currently exploring an over-the-counter platform for delisted or specially designated stocks,[20] while industry practitioners have expressed eagerness to learn more about the design of such a regime.

The Broader Lifecycle Execution Efficiency

Between IPO and restructuring lies the full range of transactions through which issuers maintain capital structures: follow-on equity offerings, block trades, accelerated bookbuilds, convertible and exchangeable issuances, liability management exercises, and recapitalisation transactions across both equity and debt. Follow-on offerings remained active in Hong Kong, with fundraising through them surpassing that from IPOs in 2025.[21] Nevertheless, stakeholder feedback highlights areas where Hong Kong could improve further.

14 UK Legislation. (2026). *Companies Act 2006, Part 26A (UK).* https://www.legislation.gov.uk/ukpga/2006/46/part/26A
15 https://www.info.gov.hk/gia/general/202604/01/P2026040100382.htm
16 Chui, H. (2025, August 29). *Latest developments in Hong Kong insolvency and restructuring law. In Asia-Pacific restructuring review 2026. Global Restructuring Review.*
17 The World Bank *Principles for Effective Insolvency and Creditor/Debtor Regimes* (Revised 2021) and the UNCITRAL *Legislative Guide on Insolvency Law* (Parts One–Five, 2004–2021) together constitute the Insolvency and Creditor Rights (ICR) Standard, designated by the Financial Stability Board as one of the Key Standards for Sound Financial Systems.
18 United States Courts. (n.d.). Chapter 11 — *Bankruptcy basics. Administrative Office of the U.S. Courts.* https://www.uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-11-bankruptcy-basics
19 UK Legislation. (n.d.). *Companies Act 2006, Part 26A (Arrangements and reconstructions for companies in financial difficulty) (UK).* https://www.legislation.gov.uk/ukpga/2006/46/part/26A
20 Government of the Hong Kong Special Administrative Region. (2026, February 25). *Budget Speech by the Financial Secretary (4).*
21 Hong Kong Exchanges and Clearing Limited. (2026). *ECM performance in 2025.* https://www.hkexgroup.com/Media-Centre/Insight/Insight/2026/HKEX-Insight/ECM-performance-in-2025?sc_lang=en

Requirements related to connected-party transactions and beneficial ownership for secondary placements are designed to uphold market fairness and transparency. Individually, the associated compliance costs are manageable; however, when combined with other execution steps, the cumulative effect can increase costs and sway issuers' venue selection for subsequent offerings.

For equity transactions, stakeholders suggest more flexible bookbuilding and disclosure timelines should help accelerate the execution window and narrow the time gap with other offshore markets.

In addition, liability management frameworks present an opportunity to modernise alongside the evolving instruments they govern.

It is noted that most operational frictions do not require primary legislation; they are amenable through targeted regulatory calibration benchmarked against peer market practice and are likely implementable within a defined timeframe.

While individual operational frictions may not, on their own, determine where a transaction is executed, their aggregate impact warrants attention. By capitalising on its established strengths in facilitating IPOs, Hong Kong has the opportunity to extend its leadership to follow-on activities. This would further reinforce issuer-investor relationships and deepen secondary market liquidity, positioning Hong Kong as a preferred venue for the entire lifecycle of capital raising and management.

(II) Deepening the Debt Market: The Role of Government Bond Issuance

The SFC and the HKMA jointly announced Hong Kong's Roadmap for the Development of Fixed Income and Currency Markets (the FIC Roadmap) in September 2025 to position the city as a global FIC hub by fostering demand, liquidity and innovation.[22] The FIC Roadmap highlights that regular government bond issuance can help support the formation of benchmark yield curves, which are important for issuers, investors and effective risk management. The Government has committed to issuing HK$160 – 220 billion in bonds annually between the 2026-27 and 2030-31 fiscal years. [23] The historic increase in government bond supply could reshape Hong Kong's fixed-income market architecture.

The offshore RMB bond (dim sum bond) market has advanced alongside this, anchored by sovereign issuance and a fast-growing green segment. In April 2026, the Chinese Ministry of Finance launched a RMB 15.5 billion issuance of offshore RMB-denominated bonds in Hong Kong — the largest since 2023 and the sovereign's second offshore placement of the year.[24] This momentum continued in May, when the Ministry issued its first-ever offshore RMB sovereign green bonds in the city, raising RMB 6 billion at 10.4 times oversubscribed.[25] This direction was further reinforced by new FIC and offshore RMB measures announced in July 2026,[26] including support for HKEX Five-Year China Government Bond Futures, the development of offshore RMB short-term debt instruments to support the offshore RMB yield curve, expanded Southbound Bond Connect arrangements, and wider use of Bond Connect bonds as eligible collateral at HKEX clearing houses.

22 Securities and Futures Commission & Hong Kong Monetary Authority. (2026). *Roadmap for the development of fixed income and currency markets.* https://www.sfc.hk/-/media/EN/files/ER/FIC/FIC-Roadmap-Booklet-ENG.pdf
23 Hong Kong Special Administrative Region Government. (2026, February 25). *The 2026–27 budget speech.* https://www.budget.gov.hk/2026/eng/speech.html
24 Ministry of Finance of the People's Republic of China. (2026, April 22). 财政部在香港成功发行2026年第二期155亿元人民币国债.
25 Hong Kong Special Administrative Region Government. (2026, May 29). [Press release]. news.gov.hk. https://www.news.gov.hk/eng/2026/05/20260529/20260529_162139_767.html
26 Hong Kong Monetary Authority. (2026, July 7). New measures to support development of Hong Kong's fixed income and currency market and offshore RMB business. Hong Kong Special Administrative Region Government. https://www.info.gov.hk/gia/general/202607/07/P2026070700530.htm?fontSize=1

Market participants believe the full market-development value of government bond issuance can be further strengthened by building on the existing transparent issuance calendar, sustaining well-distributed issuance across the maturity spectrum — including the long end — and ensuring broad institutional accessibility from the outset. A strategically curated issuer pipeline of government-related entities, international organisations, multilateral development banks, and selected regional and international corporates will help anchor a broader and more liquid professional debt market around the benchmark curve. The strategic objective is to develop a structurally deeper market with genuine breadth across issuer types, tenors, and currencies. The broader architecture of Hong Kong's debt market development — including benchmark curve construction, market depth, and the supporting infrastructure for repo, collateral, and digital settlement — will be discussed further in the Instrument section of the report.

(III) Strategic Priorities

Listing Competitiveness and Governance Architecture

- Building on listing competitiveness reforms adopted in the July 2026 consultation conclusions, further improvements to enhance the global competitiveness: extensive interpretive guidance on the refined "innovation" test, applied in a manner that preserves discretion at the margin for issuers whose growth profiles, governance arrangements and capital structures do not map neatly onto conventional metrics; and procedural changes addressing IPO timeline and cost, benchmarked against peer venues and subject to a defined implementation timeline.

- Further study into eligibility criteria under Chapters 18A and 18B to explore improvements to accessibility and execution certainty across these specialist regimes. In particular, SPAC participation constraints and de-SPAC mechanics.

- Review Stock Connect eligibility criteria to better accommodate dual primary listed foreign issuers where index constituency understates issuer scale. For instance, explore refining the index methodology to recognise global trading volume using a calculated Hong Kong proportion rather than Hong Kong-only volumes; Maintain ongoing dialogue with Mainland authorities to explore a criteria-based extension of eligibility to secondary-listed companies, broadening the range of regional issuers Hong Kong can credibly attract.

- Consideration given to addressing lifecycle transaction frictions, including connected party requirements in secondary placements, bookbuilding constraints and liability management procedural mechanics.

Full-Lifecycle Legal Infrastructure

- Further study and consideration given to a fit-for-purpose corporate rescue framework, with a view to enabling orderly reorganisation and creating the conditions for a functioning distressed investment and M&A market.

Debt Market Development

- Build on the Government's existing bond issuance framework and the new FIC measures announced in July 2026 to further enhance maturity distribution, institutional accessibility and overall market-structuring impact. Consider developing a strategically curated issuer pipeline of government-related entities, international organisations, multilateral development banks, and selected corporates to anchor a deeper professional debt market around the emerging benchmark curve.

Investors – Mobilising the Full Depth of the Capital Base

Investors – Mobilising the Full Depth of the Capital Base

The Concept Paper made the case for investor breadth as a strategic imperative to a capital nexus. The more searching question raised in preparing this 2.0 Report is why the pools of capital most naturally suited to Hong Kong's market remain only partially directed toward it, and less systematically than the scale of its ambitions requires. Closing that gap demands deliberate and coordinated action rather than incremental adjustment at the margins.

(I) Harnessing Patient Capital for Market Development

The 2026 Budget speech gave explicit recognition to the strategic importance of patient capital in Hong Kong's economy,[27] which matters not merely because of its scale but because of its nature. Unlike cyclical or momentum-driven flows, patient capital provides non-transient depth and underpins markets through periods of elevated volatility.

Hong Kong, positioned at the intersection of the Mainland and international financial markets, is structurally well-placed to serve as the venue for patient capital deployment, provided it offers the right product depth, access conditions, and counterparty quality.

The Pools That Matter: Insurance, Pensions, and MPF

Based on discussions with industry participants, the key pools of patient capital most relevant to Hong Kong, along with the structural constraints currently limiting their deployment, are summarised below.

Capital Pool	Investment Profile	Key Considerations
Hong Kong insurance sector [28]	Natural holders of long-dated fixed income, infrastructure debt, and private credit by virtue of long-duration liabilities; balance sheet scale provides significant deployment capacity	Risk-Based Capital regime (effective July 2024, before the Insurance (Valuation and Capital) (Amendment) Rules 2026) applies stress factors to infrastructure equity
Chinese Mainland insurance sector [29,30,31]	Total premium income of RMB 6.1 trillion and sector assets exceeding RMB 41.3 trillion by 2025; growing imperative to seek diversified long-horizon returns given China's demographic trajectory	Offshore deployment through QDII and Stock Connect remains in single-digit percentages against the permitted ceiling of 15% of total assets
Global and Chinese Mainland Pension Funds	Actively seeking Asian and China-related exposure, can be attracted by Hong Kong's legal certainty and institutional quality	Largely underleveraged; systematic access conditions and product depth remain insufficient
Hong Kong Mandatory Provident Fund (MPF)[32,33]	Approximately HK$1.53 trillion in total assets at end-2025; long-duration mandate by design	Permissibility framework and limited supply of MPFA-approved listed CIS (Collective Investment Scheme) constrain private market allocations materially below international peers; active ETFs added in March 2026 but subject to a shared 10% aggregate cap

27 Hong Kong Special Administrative Region Government. (2026, February 25). *The 2026–27 budget speech.* https://www.budget.gov.hk/2026/eng/speech.html
28 Fitch Ratings. (2026, February 15). *Hong Kong insurers' capital requirement recalibration credit neutral.* https://www.fitchratings.com/research/insurance/hong-kong-insurers-capital-requirement-recalibration-credit-neutral-15-02-2026
29 National Financial Regulatory Administration. (2026, February). *Supervisory Statistics of the Banking and Insurance Sectors - 2025 Q4 (Doc ID 1251267).* https://www.nfra.gov.cn/en/view/pages/ItemDetail.html?docId=1251267
30 Caixin Global. (2025, February 14). *Chinese insurers likely to get larger overseas investment quotas.* https://www.caixinglobal.com/2025-02-14/chinese-insurers-likely-to-get-larger-overseas-investment-quotas-sources-say-102288410.html
31 State Administration of Foreign Exchange. (2022, August 18). *Interim Measures for the Administration of Overseas Investment by Insurance Funds.* https://www.safe.gov.cn/big5/big5/www.safe.gov.cn/safe/2022/0818/21331.html
32 Mandatory Provident Fund Schemes Authority. (n.d.). *Research reports and datasets.* https://www.mpfa.org.hk/en/info-centre/research-reports/datasets
33 Mandatory Provident Fund Schemes Authority. (n.d.). *Guidelines III.2.* MPFA. https://www.mpfa.org.hk/en/-/media/files/information-centre/legislation-and-regulations/guidelines/current-version/part-iii/iii-2/iii_2.pdf

The pathways and constraints for each major capital pool are distinct. On insurance, the operative constraint is not a prescriptive investment restriction but the capital treatment applied to long-duration and illiquid exposures under the Risk-Based Capital (RBC) regime. The IA's February 2026 consultation on preferential capital treatment for qualifying infrastructure marks an inflexion point, and the May 2026 conclusions moved further in the right direction, raising reduction factors for qualifying infrastructure debt and unlisted equity and extending relief to general insurers, with implementation targeted for end-2026.[34] The deployment effect will depend on whether the eligibility is supported by a set of adequately defined eligibility criteria to provide capital relief.

On MPF, the per-transaction compliance burden and the lack of dedicated headroom may affect the scaled deployment even where the regulatory door has been opened. For example, in the United Kingdom, under the Mansion House Accord, 17 of the largest workplace pension providers have committed to allocating at least 10% of their defined-contribution default funds to private markets by 2030.[35] Another related issue is that MPF members who already meet the Professional Investor threshold under the Securities and Futures Ordinance (Cap. 571) remain barred from the same exposures in their MPF accounts. The gap between the scale of MPF assets and their effective private market allocation is wider than any meaningful comparator.

The Mainland pools warrant equally deliberate cultivation. Mainland insurers' offshore allocations stand at roughly 2% of total assets against the 15% regulatory ceiling,[36] and reported moves to enlarge QDII quotas would add headroom to a combined insurance-sector quota of only around RMB41.3 trillion[37] — capital for which Hong Kong, by proximity, counterparty quality and legal certainty, is the natural venue of deployment. Converting that headroom into sustained flows turns on the access conditions available through QDII and the Connect channels, the depth of long-duration product offerings, and sustained institutional engagement;[38] similar considerations apply to Mainland and global pension capital, whose Asian allocations remain under-deployed relative to mandate appetite.

Removing structural barriers is necessary but not sufficient. For patient capital to allocate at scale, a critical condition is the availability of credible, investable benchmarks and the passive instruments built on them.

The Precondition for Sustained Allocation

Patient capital operating under fiduciary mandates routinely relies on index-referenced allocation as its primary deployment mechanism — indices and ETFs reduce friction, enable scale, facilitate risk governance, and provide the accountability infrastructure that fiduciary managers require. The governance profile of constituent selection, the treatment of pre-profit or speculative exposures, and the depth of the ETF ecosystem built on Hong Kong's benchmarks all bear materially on whether patient capital can engage with the market systematically and sustainably.

34 Insurance Authority. (2026). *Consultation conclusions on draft Insurance (Valuation and Capital) (Amendment) Rules 2026.* https://www.ia.org.hk/en/infocenter/files/Consultation_Conclusions_on_Draft_Insurance_Valuation_and_Capital_Amendment_Rules_2026_EN.pdf

35 Association of British Insurers, Pensions and Lifetime Savings Association, & City of London Corporation. (2025, May 13). *Pension industry unites on Mansion House Accord to boost savers' outcomes and UK growth.* https://www.pensionsuk.org.uk/Press-Centre/Press-Releases/Article/Pension-industry-unites-on-Mansion-House-Accord-to-boost-savers-outcomes-and-UK-growth

36 Lexology. (n.d.). *Overview of Chinese regulations on insurance overseas investment.* https://www.lexology.com/library/detail.aspx?g=18c5e143-acf7-47e8-b4df-3875be400e78

37 National Financial Regulatory Administration. (n.d.). *Item detail (Doc ID 1251267).* https://www.nfra.gov.cn/en/view/pages/ItemDetail.html?docId=1251267

38 In August 2026, the National Financial Regulatory Administrationannounced that it will actively support Mainland insurance funds to participate in mutual access schemes between the Mainland and Hong Kong financial markets and support Mainland insurance institutions to invest in ETFs in Hong Kong through Stock Connect. HKSAR Government. (2026, August). *HKSAR Government expresses gratitude for country's support for further development of Hong Kong's financial market.* https://www.info.gov.hk/gia/general/202608/18/P2026081800261.htm?fontSize=1 .

Equally important is a governance culture rooted in trust, accountability, and robust shareholder engagement. Hong Kong's 2025 Corporate Governance Code enhancements[39] represent genuine progress, covering measures to improve board effectiveness, independence and diversity; enhanced accountability on risk management and internal controls; and transparency regarding dividend policy and decisions. Credibility, however, depends on clear targets, enforceable timelines and genuine board-level ownership, and certain areas of the Code merit revisiting as the reform agenda matures: the treatment of related-party transaction disclosure in concentrated-ownership structures; minority shareholder protections in family-controlled or conglomerate issuers; and board expectations regarding capital allocation transparency and shareholder return frameworks. These criteria directly shape how patient capital views the market's suitability for sustained, long-term investment and, once established, help reinforce further inflows and engagement.

Looking ahead, truly mobilising patient capital at scale will require a clean, investable asset pool; trustworthy and accountable governance; and a comprehensive benchmark and product architecture. Addressing these requirements holistically is central to Hong Kong's ambitions as an international capital hub. The FSDC is conducting separate research on patient capital, with a more detailed exploration of its structural role and related policy considerations to follow in an upcoming publication.

(II) Access Architecture, Investor Confidence and Market Development

The access architecture determines whether capital can engage with Hong Kong's market on terms matching its sophistication. That framework should not be a single-tier structure calibrated to the most conservative common denominator, but rather a genuinely differentiated one that preserves robust retail protections while establishing risk-tiered access pathways for professional and sophisticated capital.

The Retail Fixed Income Opportunity: From Structural Friction to Scalable Access

The rationale for expanding retail participation in Hong Kong's listed debt market does not rest on identifying demand. The Government's past retail bond issuances have been well received, demonstrating clear retail investor appetite and highlighting an opportunity to broaden issuers' access to that investor base.

Hong Kong's Listing Rules already provide two distinct issuance pathways. Under Chapters 22–36, bonds may be offered to retail investors, supported by a full disclosure regime under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and commonly traded on-exchange. Chapter 37, by contrast, is explicitly designed for professional investors, combining a minimum denomination of HK$500,000 with a light-touch disclosure and vetting framework, with trading predominantly conducted over-the-counter.[40] This bifurcated structure is deliberate and functional rather than a regulatory gap. As such, Chapter 37 should not be viewed as a candidate for retail adaptation. Its efficiency is premised on professional investor participation — a principle reinforced by market support during the 2019–2020 consultation process.

39 Hong Kong Exchanges and Clearing Limited. (2025). *Corporate governance guide (updated 2025).* https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Corporate-Governance-Practices/Updated_CG_Guide_2025.pdf
40 Hong Kong Exchanges and Clearing Limited. (n.d.). *Listing rules document, Version 31.* https://en-rules.hkex.com.hk/sites/default/files/net_file_store/HKEX4476_3611_VER31.pdf

Comparable pathways have been developed elsewhere: the London Stock Exchange's Order Book for Retail Bonds, launched in 2010, enables trading in retail-friendly denominations of around £1,000 supported by dedicated market makers,[41] and the UK FCA has consulted on moving to a single-format disclosure regime irrespective of denomination;[42] across the EU, the Prospectus Regulation operates a tiered framework keyed to a EUR100,000 denomination threshold,[43] allowing sub-threshold issues to access retail investors through a retail-enabled prospectus.

Importantly, the existence of a retail regime under Chapters 22–36 indicates that the issue is not regulatory absence but practical utilisation. Retail bond issuance has occurred — including offerings by the Agricultural Development Bank of China (2019) and the Airport Authority (2024) — demonstrating that the framework is viable, albeit not yet scaled. Market feedback suggests the constraint lies less in disclosure requirements and more in the execution burden associated with retail distribution. For many issuers — particularly those accustomed to institutional placement — the marketing, documentation liability, and distribution infrastructure required for retail offerings remain commercially and operationally onerous.

Against this backdrop, policy efforts may be more effectively directed toward reducing friction in issuance and distribution within the existing retail framework, rather than modifying the professional investor regime. Two areas merit consideration:

- Streamlining retail issuance and distribution mechanics — including standardised documentation, simplified offering processes, and strengthened intermediary distribution channels — to reduce execution burden and improve issuer accessibility to retail capital.
- Enhancing secondary market participation through targeted incentives — for example, extending stamp duty relief to secondary trading in listed debt securities, building on the ETF precedent, to support on-exchange liquidity and price discovery.

The Professional Investor Definition: Recognising Sophistication as It Manifests Today

Parallel to recalibrating retail access sits a complementary question at the upper tier: whether the Professional Investor (PI) definition still recognises sophistication as it now manifests in Hong Kong. Under the Securities and Futures Ordinance (Cap 571),[44] an individual qualifies as a PI by holding a portfolio of not less than HK$8 million in qualifying assets comprising securities, deposits, cash, and certain negotiable instruments. The threshold is not unreasonably high in absolute terms, but the eligible asset definition is narrower than comparator frameworks:

- MiFID II's Annex II elective professional client test recognises a financial instrument portfolio, including cash deposits and extending to qualifying crypto-assets under ESMA's guidelines — exceeding EUR 500,000.[45,46]

41 London Stock Exchange. (n.d.). *Order book for retail bonds (ORB) factsheet: Information for retail investors.* https://docs.londonstockexchange.com/sites/default/files/documents/orb-factsheet.pdf
42 Financial Conduct Authority. (2025, January 29). *FCA sets out further proposals to support growing business and investment opportunities.* https://www.fca.org.uk/news/press-releases/fca-sets-out-further-proposals-support-growing-business-and-investment-opportunities
43 EUR-Lex. (n.d.) *Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, 2017 O.J. (L 168) 12.* https://eur-lex.europa.eu/eli/reg/2017/1129/oj/eng
44 Hong Kong Special Administrative Region. (n.d.). *Securities and Futures Ordinance (Cap. 571).* https://www.elegislation.gov.hk/hk/cap571
45 European Securities and Markets Authority. (n.d.). *MiFID II, Annex II [Interactive Single Rulebook].* https://www.esma.europa.eu/publications-and-data/interactive-single-rulebook/mifid-ii/annex-ii
46 European Securities and Markets Authority. (2024, December). *Final report: Guidelines on the conditions and criteria for the qualification of crypto-assets as financial instruments.* *https://www.esma.europa.eu/sites/default/files/2024-12/ESMA75453128700-1323_Final_Report_Guidelines_on_the_conditions_and_criteria_for_the_qualification_of_CAs_as_FIs.pdf*

- In 2025, the US House of Representatives passed the Fair Investment Opportunities for Professional Experts Act,[47] expanding accredited investor status to individuals with qualifying licences, education, or job experience, irrespective of net worth.

The current PI definition excludes digital asset holdings, irrespective of size or the regulatory status of the custodial platform — an exclusion that is increasingly anomalous as Hong Kong's digital asset regulatory framework has matured, with the VATP licensing regime and Regulatory Regime for Stablecoin Issuers now in place. A meaningful proportion of the high-net-worth population that Hong Kong seeks to attract through the Capital Investment Entrant Scheme and family office regime may hold substantial wealth in regulated digital assets, yet that wealth is not recognised in PI determination even when custodied with SFC-licensed platforms.

This definition stands in contrast to the adjacent domain. The Inland Revenue (Amendment) (Preferential Tax Regimes for Funds, Family-owned Investment Holding Vehicles and Carried Interest) Bill 2026 (Bill) was gazetted and introduced to the Legislative Council in June 2026,[48] expanding the list of qualifying investments under the Unified Fund Regime to include digital assets alongside private credit, insurance-linked securities, precious metals, and other asset classes. That measure operates within the Inland Revenue Ordinance's fund-level tax exemption regime and addresses a different question from individual investor eligibility under the Securities and Futures Ordinance.

The direct response would be to bring verified holdings custodied with SFC-licensed VATPs within the definition of "portfolio" for PI threshold purposes, with volatility-based discounts consistent with the asset-class risk profile. A complementary knowledge-and-experience pathway — drawing on elements of the MiFID II elective professional client framework — may also be worth exploring, though its design would require careful calibration.

Moreover, the practical beneficiaries of a periodic review of the qualifying-asset perimeter would include not only affected individuals but also the intermediary ecosystem — brokers, wealth managers, and private banks that currently lose mandates to competitors in jurisdictions where their clients' full wealth is recognised in eligibility determination.

Cross-Boundary Channels: From Operational Proof to Product Calibration

The cross-boundary channels constitute Hong Kong's most distinctive investor-access proposition and its principal source of strategic optionality. The enhancements introduced under Wealth Management Connect 2.0,[49] which expanded individual investor quotas, lowered Southbound participation thresholds, broadened eligible institutions, enhanced sales and promotion arrangements, and widened qualifying products, have demonstrated that regulated cross-boundary capital flows can be operationalised at scale.

47 U.S. Congress. (n.d.). *H.R. 3394 (119th Congress).* https://www.congress.gov/bill/119th-congress/house-bill/3394
48 Legislative Council of the Hong Kong Special Administrative Region. (2026, June 10). *Legislative brief, ASST 315C.* https://www.legco.gov.hk/yr2026/english/brief/asst315c2026_20260610-e.pdf
49 Hong Kong Monetary Authority. (2025, December 11). *Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area.* https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/wealth-management-connect/

The binding constraints now sit less with the channels themselves than with the breadth and diversity of investment opportunities accessible to investors. While Southbound Wealth Management Connect has created an important channel for eligible Hong Kong-domiciled, SFC-authorised products, market participants see scope for further calibrated expansion of the eligible universe to strengthen diversification, global allocation, and outcome-oriented portfolio construction. This is key, as Hong Kong's value as a wealth management centre for Chinese Mainland investors lies not merely in providing access to products, but in offering investment exposures and advisory-led solutions that are unlikely to be readily replicated onshore.

As the scheme evolves, both geographical expansion beyond the Greater Bay Area and continued product innovation are seen as priorities. Importantly, practical implementation will depend on raising awareness and enabling distributors, with targeted efforts needed to build market understanding and ensure the benefits of an expanded scheme are fully realised. Further expansion should align with market demand, progress alongside the scheme's gradual development, and maintain a focus on reciprocity and robust investor protection, with any initiatives proceeding in agreement with Mainland authorities.

Other channels are equally significant. ETF Connect, operational since July 2022, has the structural potential to channel Mainland institutional appetite for diversified products into Hong Kong-listed vehicles. Its most recent revision, effective July 2024,[50] lowered the minimum AUM requirement from HK$1.7 billion to HK$550 million and the index local-content requirement from approximately 90% to 60% in Hong Kong-listed stocks.[51] The adjustment was meaningful, but many globally diversified and thematic ETFs whose characteristics complement rather than replicate the exposures that Mainland investors already hold domestically continue to fall outside the eligible set. Further calibration of the index-weighting threshold, alongside a smoother pathway between an ETF's listing date and its Connect inclusion, would expand the channel through which Chinese Mainland diversification demand can be met by Hong Kong-listed products.

(III) Strategic Priorities

Patient Capital Mobilisation

- Consider broadening MPF eligibility to encompass a wider range of alternatives and infrastructure-related assets and to explore whether this could be done through a ring-fenced category distinct from the existing general unlisted-asset cap, subject to appropriate governance and prudential safeguards.

- Review the overall investment framework and capital treatment applicable to insurance and pension investors for long-duration and alternative exposures, with a view to better activating their balance sheets as a source of patient capital.

- Explore targeted engagement with Chinese Mainland pension capital, with attention to the access conditions, product depth, and counterparty quality required to position Hong Kong as a preferred venue for its international deployment.

- Consider strengthening Hong Kong's index architecture and ETF ecosystem, with attention to governance quality in constituent screening and the depth of passive products built on those benchmarks, as conditions on which fiduciary-mandated institutional capital depends for scalable deployment.

50 Hong Kong Exchanges and Clearing Limited. (2024, June 14). *Expansion of eligible ETFs on Stock Connect to take effect on 22 July.* https://www.hkex.com.hk/News/News-Release/2024/2406142news?sc_lang=en
51 Hong Kong Exchanges and Clearing Limited. (2024, July 17). *ETFs in Stock Connect: New issuer criteria, new opportunities.* https://www.hkexgroup.com/Media-Centre/Insight/Insight/2024/HKEX-Insight/ETFs-in-Stock-Connect-New-Issuer-Criteria-New-Opportunities?sc_lang=en

- Explore a complementary Professional-Investor opt-in pathway within MPF, enabling members who qualify as PIs under the SFO to direct a defined portion of voluntary contributions and transferred accrued benefits into qualifying alternative investment vehicles, subject to certain safeguards.

Access Architecture

- Consider improving the operational efficiency of investor access within Hong Kong's existing retail and professional bond regimes — preserving robust retail protections while reducing practical barriers to participation. Policy focus should centre on strengthening the linkage between issuance frameworks and secondary market liquidity, alongside measures to broaden issuer participation in the retail segment.

- Update the Professional Investor definition to include verified digital asset holdings with SFC-licensed VATPs, applying appropriate risk discounts.

Market Development

- Direct market development initiatives at the product-depth gap identified above — expanding the supply of long-duration and infrastructure-related assets on which insurance, pension and Mainland institutional deployment depends, and broadening issuer participation in the retail bond segment, including quasi-government issuers, where demand is proven but issuance has not yet scaled.

- Support the phased evolution of WMC by agreement with Mainland authorities, with priority on geographical expansion beyond the Greater Bay Area and with product-scope expansion pursued in line with market demand, such as alternative investments or other suitably higher-risk-rated funds, with appropriate safeguards in place.

Intermediaries - Ecosystem Conditions for a Competitive Market

Intermediaries - Ecosystem Conditions for a Competitive Market

The intermediary ecosystem is integral to how the market operates and evolves. The analysis that follows addresses them in two areas: the commercial and structural conditions that determine whether intermediation remains economically viable and appropriately diverse; and the institutional conditions that underpin long-term market confidence.

(I) The Commercial and Structural Conditions for Effective Intermediation

Market-making in Hong Kong is structurally challenged in relatively acute ways, especially in mid-cap and SME equities, retail bonds, and more specialised instruments. The commercial logic of two-sided liquidity provision requires that the costs of running a market-making book — capital commitment, inventory risk, and operational overhead — be recoverable against the spread and flow economics of the market being served. In several segments of Hong Kong's equity market, that arithmetic does not currently work.

As of 31 December 2025, there were 2,686 companies listed on the HKEX, of which 2,374 were on the Main Board, yet turnover remains concentrated in a subset of liquid names.[52] Given these market features, the operating environment is perceived as more favourable to large, technologically sophisticated intermediaries. The absence of an industry-level digital infrastructure for the securities sector, for instance, creates cost differentials that bear disproportionately on mid-sized intermediaries relative to their bank-affiliated or international counterparts.

Stamp Duty and the Market-making Question

Stamp duty on equity transactions remains the most frequently cited structural hindrance, and its effect on market-making viability has been highlighted in earlier FSDC research.[53] The question is no longer whether this warrants examination, but in what form relief might be structured. A functional exemption for genuine liquidity provision, a tiered arrangement by market segment, or a broader recalibration that reflects the cost-benefit of secondary market depth were ideas discussed during the research process. The FSDC notes that Hong Kong's tax base and income streams need to be taken into consideration in such discussions, and that the proposition is contested that any relief would need to be designed based on measurable liquidity outcomes rather than presumed effects.

The ETF market-maker exemption offers a relevant precedent to further study. As analysed in the FSDC report, Observations on Market Liquidity Enhancement,[54] the ETF market was used as a primary example of the positive impact of targeted fiscal relief on liquidity: stamp duty exemptions for ETF market makers were associated with a nearly 40% increase in average daily trading volume and improved market depth for the affected products. The 2015 waiver of stamp duty on ETF transfers, followed by a targeted exemption for ETF market makers in 2020, enabled cost savings of up to 30 basis points, according to the HKEX,[55] supporting tighter spreads and deeper liquidity without significant fiscal impact. The 2024

52 Hong Kong Exchanges and Clearing Limited. (2026, March 16). *2025 annual report.* https://www.hkexgroup.com/-/media/HKEX-Group-Site/ssd/Investor-Relations/Regulatory-Reports/documents/2026/260316ar_e.pdf
53 Financial Services Development Council. (2024, June 17). *Enhancing market liquidity and efficiency: Optimising stock trading mechanism and operations in Hong Kong.* https://www.fsdc.org.hk/media/3auo4nby/up_market-liquidity-eng-final_updated.pdf
54 Ditto
55 Hong Kong Exchanges and Clearing Limited. (2026, March). *Stamp duty exemption information for market makers.* https://www.hkex.com.hk/-/media/HKEX-Market/Products/Securities/Exchange-Traded-Products/Launch/Stamp-Duty-Exemption-for-ETP-Market-Makers.pdf

stamp duty exemptions for REIT transactions and options market makers extended that approach to further segments. The cumulative experience suggests that targeted relief for liquidity provision has been administratively feasible and fiscally manageable in Hong Kong, providing a domestic reference point — though not a direct read-across — for examining where a comparable design might apply elsewhere.

Building on that base, there is a related case for examining whether single-stock or segment-specific market-making support frameworks could play a role in structurally illiquid cash equity segments. Variants of such arrangements operate in other markets that have faced comparable challenges in the long tail of issuers. The conditions under which a calibrated version might be applied in Hong Kong — with appropriate eligibility criteria, performance obligations, and conduct safeguards — also warrant rigorous examination rather than presumption either way. The fiscal trade-off, based on available data, appears likely to be relatively contained, given that stamp duty revenue from market-making or trading in structurally illiquid mid- and small-cap names is unlikely to be material. The more consequential question is whether such frameworks would, in practice, deliver measurable improvements in price discovery, valuation, and secondary depth sufficient to justify the design effort involved. Both sides of the calculation warrant closer analytical work in the next phase.

In debt markets, the challenge is different in character but equally consequential. Effective fixed-income intermediation depends on a set of operational and balance sheet conditions — risk warehousing capacity, reliable and cost-effective repo access, collateral mobility, and a predictable benchmark issuance calendar — that collectively determine whether dealers can actively intermediate and maintain two-way markets. Several of these conditions are currently suboptimal and addressing them is a prerequisite for the fixed-income market ambitions set out elsewhere in this report.

Clearing Infrastructure and Capital Efficiency

A structurally distinct constraint on intermediary competitiveness is the fragmentation of Hong Kong's clearing arrangements across four operationally separate clearing entities: [56]

Clearing Entity	Scope
Hong Kong Securities Clearing Company Limited (HKSCC)	Listed securities, including cash equities
The SEHK Options Clearing House Limited (SEOCH)	Stock options
HKFE Clearing Corporation Limited	Futures and futures options
OTC Clearing Hong Kong Limited	OTC derivatives

Each operates as an independent margin pool, with no mechanism for recognising risk offsets across different clearing entities. Practitioners running economically correlated or explicitly offsetting positions across these will need to meet a requirement to post full margin to each relevant clearing house independently, regardless of the net risk exposure of the combined book.

56 HKEX Group – Principal Subsidiaries (updated 12 Nov 2025): https://www.hkexgroup.com/About-HKEX/Organisation/Principal-Subsidiaries?sc_lang=e

A securities firm managing a listed equity alongside a short index futures hedge — a routine configuration for market makers, institutional brokers, and multi-asset intermediaries — must capitalise both legs in full, as if each existed in isolation. The same applies to a firm holding equity exposures while running options positions through SEOCH: the economic relationship between the legs is not reflected in the margin calculation. In markets where cross-product or portfolio margining frameworks are available, the same aggregate risk can be managed with materially less committed capital. The practical differential is substantial — the same activity that requires one unit of capital in a portfolio-margining environment may require two to three units in Hong Kong's current architecture — and it is perceived as an operational disruption to the economics of active, multi-product intermediation.

The implications differ across intermediaries of all backgrounds. For large, well-capitalised institutions, capital inefficiency is real but manageable, and it would be considered a function of decisions regarding venue and product selection. For mid-sized and specialist intermediaries whose business model depends on cross-product positioning, the constraint is more binding. The absence of this capability bears most heavily on those whose intermediation model is most dependent on capital efficiency across product classes, reinforcing the concentration dynamic that could be a recurring concern.

These considerations raise a broader question about how the current clearing architecture interacts with intermediaries' use of capital for operations across multiple product classes. The issue is not whether prudential standards should be adjusted, but whether existing margin arrangements fully reflect net economic risk where positions are economically related, or principally reflect structural separations within market infrastructure. Of course, whether institutions' net economic risk is the right metric to consider could also be debated. Framing this as an area for further structured analysis — taking a system-wide perspective with close attention to default management, loss allocation, governance, and resilience under stress, and drawing on international experience and its applicability to local conditions — would allow its implications for capital efficiency and intermediary concentration to be assessed rigorously.

Regulatory Calibration and Intermediary Diversity

The commercial case for active intermediation is inseparable from the case for a diverse intermediary population. A market as structurally varied as the one Hong Kong aspires to champion — spanning large-cap and SME equities, private placements, retail and wholesale bond markets, alternatives, and professional-investor segments — cannot be effectively intermediated by a homogeneous population of large, globally capitalised institutions. Specialist boutiques, mid-sized securities firms, and niche advisory practices can address areas that are less well covered. Their continued participation is a structural requirement, not a peripheral consideration.

What arose consistently in FSDC's stakeholder engagement was not a quest for deregulation but for calibration: whether the weight of licensing obligations, threshold requirements, and compliance procedures is appropriately matched to the scale, risk profile, and market function of the entity bearing them. For instance, the effective date of Type 11 and Type 12 OTC derivatives regulated activities, introduced by the Securities and Futures (Amendment) Ordinance 2014, together with the expanded Type 9 licence covering asset managers running OTC derivative portfolios, has not yet been announced.[57] This is a more-than-decade period during which complex structured-product dealers have operated under combinations of existing licences that may not have perfectly mapped onto OTC derivatives activity, and the calibration of resulting capital tiers under the revised Securities and Futures (Financial Resources) Rules remains a live concern for smaller intermediaries.[58]

57 Hong Kong e-Legislation. (n.d.). *Cap. 571 Securities and Futures Ordinance.* https://www.elegislation.gov.hk/hk/cap571
58 Deacons. (2025, July 30). *Commencement of OTC derivatives licensing regime moves closer.* https://www.deacons.com/2025/07/30/commencement-of-otc-derivatives-licensing-regime-moves-closer/a

A more immediate and financially material concern is the implementation burden associated with a series of market initiatives, including the Uncertificated Securities Market (USM) and the transition to shortened settlement cycles. As intended, the USM regime will introduce new CCASS functionalities while a modernised depository fee structure aims at enhancing operational efficiency. However, its implementation will require market participants to adapt their systems, processes, and resourcing, which may pose disproportionate challenges for smaller intermediaries. In particular, industry participants are of the view that the broader issue is not USM in isolation, but the cumulative impact of multiple initiatives — including shortening the settlement cycle, trading-unit reforms, and proposals such as an OTC trading mechanism for delisted securities. While these reforms are expected to be implemented over different timelines, their combined effect may result in sustained and overlapping operational demands on market participants.

HKEX's March 2026 Information Paper for Intermediaries reflects a substantive effort to manage these pressures for the industry, with the key features of the transition framework set out below: [59]

Feature	Detail
Scrip fee	Eliminated entirely
Custody and withdrawal fees	Restructured from board-lot-linked charges to value-based rates
Annual CCASS membership fee	Tiered at HK$12,000 / HK$50,000 / HK$150,000 by portfolio size; smallest-tier waived in full for the first 12 months post-USM
Rollout timeline	Five-year phased implementation; each issuer's participation date announced 3–6 months in advance
Transition support	Practice sessions, updated CCASS terminal guides, and proactive IRD engagement to streamline Authorised Person approvals

The intention of the public sector is clear, though it remains to be seen whether this framework proves adequate for smaller brokers, and whether the modernisation programme achieves its infrastructure objectives without inadvertently narrowing the intermediary population it depends on.

Where calibration is not optimal, the consequence is not a more disciplined market but a less diverse intermediary population, underserved segments, and structural drift toward intermediary concentration — which may not fully align with Hong Kong's broader market development objectives. A proportionality review of selected regulatory requirements for smaller and mid-sized intermediaries will be a constructive next step.

59 Hong Kong Exchanges and Clearing Limited. (n.d.). *Uncertificated securities market (USM): Information paper for intermediaries – Supplementary* (Version F). https://www.hkex.com.hk/-/media/HKEX-Market/Services/Settlement-and-Depository/USM/USM-Information-Paper-for-Intermediaries_Supplementary_vF.pdf

Corporate Treasury as a Capital Market Function

Hong Kong's functioning as a hub of regional treasury centres — for multi-currency funding, liquidity management, intra-group financing, hedging, settlement, and treasury booking — shows untapped potential.

While the existing concessionary framework, including the 8.25% profits tax rate for qualifying treasury activities,[60] provides a competitive base, the treasury function is commonly perceived as a discrete incentive regime rather than as an embedded feature of the capital markets it ultimately sustains. The FSDC believes that, at scale, treasury activity does not sit at the margins of the financial system but underwrites debt issuance, supports derivatives markets, and anchors offshore RMB activity. More importantly, it produces a constant cadence of transactions — routine, high-frequency, and often invisible — that gives markets their density: liquidity that holds, pricing that sharpens, and participation that persists.

Policy thinking is now beginning to close this gap. The Government's Action Plan to promote the development of Corporate Treasury Centres reflects a shift towards situating treasury within Hong Kong's wider financial architecture.[61] Enhancements to the tax regime, a more purposeful expansion of double taxation agreements, and a parallel focus on talent and market outreach collectively point to a more integrated policy stance — one that recognises treasury activity as part of the system, rather than adjacent to it.

Once established at scale, treasury functions operate with a different tempo from traditional capital markets activity. They do not arrive in discrete waves; they accumulate. Funding, hedging and liquidity management take place continuously, linking balance sheets across currencies and jurisdictions. Markets that capture these flows deepen almost by construction, becoming more liquid, more resilient and more central to the allocation of capital.

Industry evidence points in the same direction. A study led by the Hong Kong Chinese Enterprises Association, with support from the FSDC, draws on survey insights from firms already managing global funding and risk functions from Hong Kong. While not yet publicly available, it reflects the growing concentration of treasury activity in the city and reinforces a familiar proposition: that Hong Kong's combination of market depth, currency flexibility and institutional connectivity lends itself not just to hosting treasury operations, but to anchoring them.

The implication is straightforward. Treating corporate treasury as a core component of capital markets policy, rather than a standalone incentive, would allow Hong Kong to align tax, infrastructure and regulatory design around a single objective: deeper, more resilient markets. Treasury activity would then be understood not as an adjunct, but as a mechanism through which capital markets are continuously exercised, reinforced and, ultimately, sustained.

60 Inland Revenue Department. (n.d.). *Profits tax.* Hong Kong Special Administrative Region Government. https://www.ird.gov.hk/eng/tax/bus_pft.htm

61 HKSAR Government. (2026, June 9). *Government announces action plan to promote development of corporate treasury centres in Hong Kong (with photos).* https://www.info.gov.hk/gia/general/202606/09/P2026060900365.htm

(II) The Institutional Foundation of Market Trust and Capability

A dimension that is frequently underdiscussed but essential to Hong Kong's market proposition is the professional service layer that underpins transactional credibility: trustees, custodians, intermediaries, auditors, legal counsel, restructuring advisers, and dispute resolution practitioners. Their presence and quality are particularly consequential in cross-border and institutional markets, where investors cannot rely on local familiarity and instead require assurance that documentation is robust, assets are properly safeguarded, obligations are monitored, and disputes can be resolved with competence and impartiality.

There is scope, in parallel, to modernise selected reporting, documentation, and assurance processes and provide certainty to improve operational efficiency without eroding the credibility standards. In particular, several industry associations have highlighted the importance of a clear regulatory framework for sustainability assurance to ensure robust verification and communication as expectations in this area continue to evolve.

The forward-looking dimension of this institutional picture encompasses both capability and external standing. The asset classes and market segments that Hong Kong is positioning to develop — tokenised instruments, private assets, structured finance, FICC and RMB products, commodities-related financing, and complex cross-border transactions — require human and institutional capabilities that the current intermediary population possesses, albeit unevenly. The industry is looking for a capital markets talent strategy that builds specialist capabilities to advance industry depth.

Complementing this is Hong Kong's external credibility: its standing as a trusted, open, and internationally integrated market depends not only on domestic policy choices but on the quality of its institutional dialogue with overseas regulators, global investors, and international market participants. Constant, transparent, and substantive engagement through those channels is a precondition for the level of international participation that Hong Kong's ambitions require. Participants believe that public sector stakeholders can involve an even broader range of intermediaries in their policy consultations and external engagement exercises, thereby minimising unintended consequences of new or amended policies.

(III) Strategic Priorities

Commercial and Structural Conditions

- Review barriers to market-making viability across equity and debt markets, including whether stamp duty relief might be structured to better support genuine liquidity provision, and explore the feasibility of segment-specific support frameworks in structurally illiquid segments with reference to comparable peer arrangements.

- Consider addressing the operational conditions for effective debt market intermediation — repo access, collateral mobility, risk warehousing, and benchmark issuance predictability — as a coherent and mutually reinforcing set of enabling conditions.

- There may be merit in exploring, as an area for further structured analysis, how Hong Kong's clearing architecture across HKSCC, SEOCH, HKFE Clearing Corporation, and OTC Clearing Hong Kong interacts with capital usage for intermediaries operating across product classes — including consideration of whether current margin arrangements fully reflect net economic risk, and of default management, loss allocation, and resilience under stress.

- A proportionality review of licensing, threshold, and compliance requirements for smaller and mid-sized intermediaries — with prudential and conduct standards preserved in full — could be one avenue worth considering, with some attention possibly given to the compounding implementation burden arising from a series of market enhancement initiatives, such as USM, T+1, trading unit reforms and others.

- Explore integrating corporate treasury centre policy more explicitly into the broader capital market strategy, treating multi-currency funding, liquidity management, hedging, and collateral activity as capital market depth enablers rather than standalone incentive considerations.

Institutional Foundation and Capability

- Consider more explicitly positioning Hong Kong's professional services layer — spanning trusteeship, custody, legal assurance, restructuring, and dispute resolution — as a differentiating component of its market proposition, particularly for cross-border and institutional participants where transactional credibility cannot rely on local familiarity.

- Consider developing a more targeted capital markets talent strategy addressed to specific capability gaps in digital finance, structured markets, RMB and FICC, and cross-border compliance.

Instruments — Completing the Architecture

Instruments — Completing the Architecture

Industry participants who interacted with the FSDC stressed that instruments and the markets in which they trade should be genuinely complete, functional, and internationally relevant. The discussions also identified areas where a deliberate extension of product capabilities would address structural demand that the market is well-positioned to serve.

(I) Completing and Elevating the Core Public Markets

Hong Kong's core public markets form the foundation of its broader capital market proposition. This section focuses on the gaps in markets that are complete, liquid, and functional across the full range of activities.

The Equity Market

In equity, participants observed that turnover and liquidity are uneven and that post-listing capital formation — follow-on issuance, block trades, placements, convertibles, and the quality of secondary trading — can be better harnessed. A listed company's ability to raise capital efficiently over time, and an investor's experience of the market as genuinely liquid rather than merely accessible at listing, are determinants of whether the equity market functions as a capital formation platform across the full lifecycle of a listed issuer. Equity market policy should be framed accordingly.

The Bond Market

At the foundation of any developed debt market sits the government bond yield curve:[62] The risk-free spine against which a broad spectrum of fixed-income instruments is priced, structured, and evaluated. Despite meaningful progress in expanding Hong Kong's government bond issuance across tenors, including longer tenors in recent years, the benchmark yield curve remains relatively thin.

Where a deep, liquid, and continuously traded curve is not readily available, participants would refer to offshore benchmarks. Products structured against external references embed basis risk, market-building activity gravitates away from Hong Kong's own infrastructure, and the local yield curve is deprived of the organic demand that active benchmarking and product development would generate. The dynamic is self-reinforcing: a curve not used as a reference does not effectively reflect risk-price equilibrium, and it would not become a popular reference. This is the structural backdrop against which the Government's expanded issuance programme, already discussed, must be calibrated — and against which its design choices, particularly tenor distribution at the long end, are most consequential.

In our discussions with industry participants, a strong debt market also requires: (i) active market-making and repo functionality that supports dealer balance sheet efficiency, provides intermediaries with the tools to warehouse and finance bond market risk, and enables secondary markets to perform through periods of stress; and (ii) robust collateral frameworks, transparent post-trade arrangements, and structural resilience that give fixed-income instruments practical utility and underpin the operational confidence that international institutional participation requires. The new measures announced in July 2026 are therefore important,[63] particularly the proposed electronic FIC trading platform, the inclusion of

62 Bank for International Settlements. (2001, December). *Quarterly review: International banking and financial market developments* (BIS Quarterly Review, December 2001). Retrieved from https://www.bis.org/publ/r_qt0112f.pdf
63 Hong Kong Monetary Authority. (2026, July 7). *New measures to support development of Hong Kong's fixed income and currency market and offshore RMB business. Hong Kong Special Administrative Region Government.* https://www.info.gov.hk/gia/general/202607/07/P2026070700530.htm?fontSize=1

Bond Connect bonds as eligible collateral at HKEX clearing houses, the development of repo business using Southbound Bond Connect bonds as collateral, and operational enhancements to Northbound Bond Connect settlement, among others.

With these complementary architectural layers, Hong Kong will naturally become a location for international institutional fixed-income mandates. Recent policy measures have begun to address these layers. Their impact will depend on clear implementation, participant adoption and interoperability with existing custodial, clearing and settlement arrangements. A more integrated approach to market-building — connecting benchmark issuance, liquidity support, and post-trade infrastructure — is suggested, as this would mutually reinforce the components of a single strategic programme.

The RMB Dimension

Hong Kong's role as the principal offshore RMB centre is a structural advantage of enduring significance. In 2025, global dim sum bond issuance reached US$123 billion, [64] with CMU OmniClear capturing 95% of new CNH issuance by 3Q and holding a record 87% share of outstanding dim sum bonds.[65] Still, it is noted that CNH issuance is primarily concentrated among Chinese Mainland-related entities.

To further strengthen Hong Kong's offshore RMB financing, participants press for a wider international issuer pool, deeper secondary-market liquidity, and stronger repo, collateral, and settlement infrastructure. The new FIC measures announced show progress in addressing several of the constraints: Expanding Southbound Bond Connect, broadening eligible collateral, enhancing Northbound Bond Connect settlement, promoting offshore RMB short-term debt instruments, and strengthening offshore RMB liquidity support through the HKMA RMB Business Facility.

Coordinated policy initiatives, including the Northbound Repo Connect, the joint cross-boundary bond repurchase programme, and the FIC Roadmap, bridge onshore and offshore liquidity.[66,67] Early outcomes already point to increased tenor extension, sovereign diversification, and greater corporate participation. The July 2026 announcement builds on this foundation by advancing hedging tools, benchmark development, and added liquidity support.[68]

What remains is to translate these foundations into a broader, more internationally diverse issuer base and commercially credible RMB use cases across infrastructure finance, sovereign-related issuance, corporate treasury, and cross-border intermediation. Targeted longer-dated issuance by the Ministry of Finance and HKMA would fill a key gap by establishing long-end CNH benchmarks—enabling corporate and quasi-sovereign issuers to structure long-tenor RMB offerings and solidifying Hong Kong's leadership in offshore RMB finance.

64 Bloomberg News. (2025, December 14). *China's dim sum bond boom extends in boost to currency ambition.* Bloomberg. https://www.bloomberg.com/news/articles/2025-12-14/china-s-dim-sum-bond-boom-extends-in-boost-to-currency-ambition
65 CMU OmniClear. (n.d.). *[News release].* https://www.cmuomniclear.com/en/news-and-events/id/3614
66 Hong Kong Monetary Authority. (2025, September 26). *Launch of cross-boundary bond repurchase business* [Press release]. HKMA. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/09/20250926-5/
67 Hong Kong Monetary Authority. (2025, August 25). *Official launch of enhancement arrangements for offshore RMB bond repurchase business.* HKMA. https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/08/20250825-5/
68 Hong Kong Monetary Authority. (2026, July 7). *New measures to support development of Hong Kong's fixed income and currency market and offshore RMB business.* Hong Kong Special Administrative Region Government. https://www.info.gov.hk/gia/general/202607/07/P2026070700530.htm?fontSize=1

(II) Extending into Structural Demand

Beyond the completion and elevation of Hong Kong's core markets lies a distinct product opportunity — one defined not by the need to deepen what already exists, but by structural demand that the current market does not adequately serve. Three areas emerged from the engagement with sufficient consistency and analytical coherence to warrant strategic attention.

Private Credit, Securitisation, and Structured Finance

Interest in these areas across the discussions was substantive and specific — encompassing private credit, trade receivables financing, supply-chain finance, off-balance sheet structures, insured receivables, and the securitisation of machinery, export-related, or infrastructure-linked assets. In particular, industry participants identified Belt and Road Initiative-connected infrastructure project recycling and the securitisation of mainland manufacturers' overseas receivables as concrete categories where Hong Kong's legal infrastructure, professional services, and distribution reach offer a credible structuring proposition.

These instruments are relevant to capital market diversification, and participants identified Hong Kong as having a credible opportunity to develop capabilities in this space. These gaps — local product depth, standardisation of underlying assets, investor suitability, and an enhanced structuring ecosystem — are identified and, in their principal dimensions, tractable. Securitisation policy, in particular, could be more explicitly linked to strategic priorities in supply-chain resilience and infrastructure financing, with trade credit insurance, portfolio-based structures, and more standardised asset frameworks serving as practical enabling tools. Product design calibrated to the risk profiles and regulatory requirements of insurers, family offices, and other sophisticated investors would be central to realising this opportunity.

Longevity Finance and Retirement-linked Savings

The financial needs of ageing populations represent a large-scale structural demand and, in Hong Kong's context, can benefit from a proliferated product set. Instruments discussed included silver bonds, longevity-linked products, retirement-related structured savings solutions, reverse mortgage instruments, and income-generating securities for populations with extended retirement horizons. The continued use of the Silver Bond, most recently issued at a target size of HK$50 billion with a three-year tenor and a guaranteed minimum rate of 3.85%,[69] demonstrates the scale of senior households' demand for retirement-oriented instruments.

Of particular strategic relevance are indexed universal life (IUL) insurance[70] and other Class C linked long-term business category under Hong Kong's current guidelines.[71] IUL products are life insurance structures in which the cash value grows in reference to a designated market index, typically with a downside floor and an upside participation rate, providing market-linked returns alongside capital protection and a death benefit.[72,73] Class C linked long-term business encompasses the broader category of investment-linked insurance products in which policy benefits are directly referenced to underlying investment assets. Both sit at the intersection of protection, long-term savings accumulation, insurance

69 Government of the Hong Kong Special Administrative Region. (2025, August 29). *Government launches new batch of Silver Bond (with photos/video).* https://www.info.gov.hk/gia/general/202508/29/P2025082900724.htm
70 Insurance Authority. (2025, March). *Joint Circular on Indexed Universal Life Insurance Products for Professional Investors.* Insurance Authority. https://www.ia.org.hk/en/legislative_framework/circulars/reg_matters/files/Circular_20250313_IUL.pdf
71 Insurance Authority. (2017, June). *Guideline on anti-money laundering and counter-financing of terrorism (GL11)* [Regulatory guideline]. Insurance Authority. https://www.ia.org.hk/en/legislative_framework/files/GL11.pdf
72 Hong Kong Monetary Authority. (2025, March 13). *Infrastructure Bond Programme document* [PDF]. https://brdr.hkma.gov.hk/eng/doc-ldg/docId/getPdf/20250313-8-EN/20250313-8-EN.pdf
73 Insurance Authority. (2017, June). *Guideline on classification of Class C – Linked Long Term Business (GL11).* https://www.ia.org.hk/en/legislative_framework/files/GL11.pdf

distribution, and market-linked returns, with direct relevance to retirement income planning, legacy and estate planning, and cross-border wealth management.

Discussions noted that further clarity on regulatory pathways — particularly at the intersection of insurance authorisation and securities-related disclosure — would support continued product development in areas such as investment-linked assurance schemes (ILAS) and other products involving both insurance and securities elements. This suggests that long-term finance can be positioned cohesively as both a social policy theme and a capital market development priority, provided that product design, risk disclosure, and investor suitability remain appropriately calibrated to protect customers' interests. It is recognised that the IA maintains ongoing engagement with market participants and close dialogue with financial regulators on these matters and has introduced enhancements to streamline product authorisation processes. Notably, guidance relating to ILAS product approval and the introduction of streamlined mechanisms for subsequent product variations have improved process efficiency while maintaining appropriate regulatory oversight.

In addition, regulatory clarification has been provided for investment-linked products, including through joint circulars issued by the IA and the HKMA. Where ILAS or similar products fall within the definition of collective investment schemes under the SFC framework, the existing authorisation boundary — including applicability to retail versus professional investors — remains relevant. Against this backdrop, anchoring the ongoing close communication between IA and the SFC and enhancing continued coordination across regulatory frameworks may support clarity, new product proposals for retail investors from ILAS issuers and consistency in product approval pathways, particularly for products with hybrid insurance and investment features.

Digital Finance: Utility-grounded Sequencing

Digital finance recasts traditional financial instruments – equities, bonds, funds, deposits, and others – into forms with distinct characteristics in distribution, settlement, and accessibility. It addresses some specific, identifiable inefficiencies in how traditional financial markets operate.

Hong Kong has been assembling most of the foundational architecture for digital financial instruments: licensing regimes for stablecoin issuers and virtual asset trading platforms, authorisation pathways for tokenised investment products, secondary trading on licensed venues, and a settlement layer in EnsembleTX. The first licensed Hong Kong dollar stablecoin has begun a phased rollout to institutional distributors and professional investors in August 2026.[74] In parallel, the FSTB and HKMA concluded the first phase of their review of distributed ledger technology in the fixed income market in June 2026, finding the existing legal and regulatory environment sufficiently flexible for tokenised bond issuance, with clarifications on DLT-based record-keeping and a legislative phase to follow.[75] HKEX and the HKMA are also piloting wholesale CBDC for advance margin payments in derivatives after-hours sessions.[76]

The adoption of tokenised funds and bond issuances is gaining institutional traction, reflecting confidence in the underlying market and regulatory frameworks. Notably, the Open-Ended Fund Company (OFC) structure has supported its first tokenised fund, and the universe of tokenised funds authorised for public offering grew about sevenfold in the year to March 2026, reaching HK$10.7 billion in tokenised share class assets under management.[77,78] Tokenised bond issuance has followed a similar trajectory. This growth underlines the effectiveness and readiness of current regulatory arrangements.

74 https://anchorpoint.hk/uploads/2026/08/Anchorpoint-commences-institutional-rollout-of-HKDAP-via-Beta-Access-1.pdf
75 https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/06/20260629-4/
76 https://www.hkex.com.hk/News/News-Release/2026/260618news?sc_lang=en
77 Hong Kong Limited Partnership Fund Association, *2025 Hong Kong Limited Partnership Fund Annual Report (2026).*
78 Securities and Futures Commission. (2026). *Press release (Ref. No. 26PR59).*

Read together, these developments change the character of the agenda. The binding constraint is no longer regulatory permission but adoption economics and integration. Several matters bear directly on how far tokenisation can scale beyond pilots: the certainty with which a transfer recorded on a distributed ledger is treated as final; the coexistence of stablecoins and tokenised deposits under harmonised standards; the operating hours of the settlement systems on which tokenised transactions ultimately depend; and the risk that individual platforms develop as isolated environments rather than interoperable ones. The FSDC is examining them – alongside broader questions of payment infrastructure and cross-border interoperability – in other dedicated research studies.

The strategic focus now moves to embedding digital instruments into the broader market architecture across assets, the investor classification regime and, in due course, the boundary itself. Extending financial incentives to offset the technology costs associated with tokenisation across asset classes would accelerate adoption and bring the wider vision of a market-wide ecosystem for tokenised real-world assets closer to realisation.

Cross-border Distribution

As the domestic regulatory framework matures, it may be worth exploring whether qualifying tokenised instruments issued under Hong Kong's regime could become accessible across the boundary through an appropriate arrangement. Such a direction could potentially broaden investment options, as tokenised real-world assets might provide portfolio characteristics — such as duration, yield, and risk — that complement onshore holdings. However, this is not an imminent proposal but a possible avenue for consideration as market development advances.

Progress in this area would require careful examination of fund domicile compatibility, investor access, and, over time, cross-jurisdictional connectivity, technical interoperability, alongside robust enforcement and risk management safeguards. By taking a gradual, risk-sensitive approach and allowing the relevant roadmap to evolve alongside technology and market practices, Hong Kong can help ensure that digital finance becomes a well-integrated part of the financial ecosystem, rather than a parallel or isolated segment.

(III) Strategic Priorities

Core Markets and Pricing Architecture

- Explore positioning debt capital markets and FICC more explicitly as a core strategic pillar, supported by integrated development of benchmark issuance— with sustained execution of the planned multi-year programme to extend tenor coverage at the long end and embed the HKD and CNH curve as an active reference — alongside market-making frameworks, and a diversified issuer base across government-related entities, supranationals, multilateral development banks, and corporate and infrastructure-linked sectors.

- Consider deepening Hong Kong's offshore RMB market across issuance, settlement, and derivatives functions, with a view to broadening the international issuer base and developing more commercially credible RMB use cases in treasury activity, infrastructure finance, and cross-border intermediation.

Structural Demand Extension

- Explore the development of private market products, trade finance and infrastructure-linked securitisation products calibrated to the requirements of insurers, family offices, and sophisticated investors, with securitisation policy connected more explicitly to supply-chain resilience and real-economy financing priorities.

- Consider positioning longevity finance and retirement-linked savings instruments as a coherent area of product innovation, including a clearer and more coordinated regulatory dialogue between the IA and the SFC for Class C linked long-term products such as IUL, with product design, disclosure, and investor suitability frameworks sufficiently robust to protect customers' interest and to support this positioning sustainably.

- Sequence digital finance development around identifiable market frictions — settlement efficiency, collateral mobility, distribution reach, and intraday liquidity management — and evaluate digital settlement applications on the basis of commercial traction and contribution to measurable improvements in market functioning.

Infrastructure — the Foundations of Market Performance

Infrastructure — The Foundations of Market Performance

Extensive consultations with industry experts indicated that infrastructure is a strategic determinant of capital market competitiveness. In today's interconnected, digitally intensive markets, settlement efficiency, collateral mobility, post-trade modernisation, and digital rails directly shape a market's capacity to attract and retain participants. Together, these factors determine liquidity depth, enable sophisticated cross-border activity, and underpin scalability at pace.

(I) Modernising Post-trade Core: Settlement, Clearing, and Operational Processes

Discussions engaged several dimensions of Hong Kong's post-trade architecture, spanning CCASS, CMU, and the broader equity and fixed-income settlement framework, in which modernisation is underway and is moving toward alignment with the requirements of an internationally active market. Practitioners are interested in settlement workflow design, the value of greater visibility into infrastructure reform planning, and the readiness of current systems for anticipated changes in market structure. A consistent view is that the impact of front-end trading reforms will be meaningfully enhanced where post-trade systems are advanced in parallel and with equivalent ambition.

The movement towards shorter settlement cycles is broadly accepted as a direction Hong Kong will need to address. Participants expressed hope for a roadmap of changes, such as T+1, and a well-defined end-state vision. Some participants noted that as the Chinese Mainland's settlement infrastructure continues to evolve, Hong Kong's operational positioning in relation to relevant developments will assume increasing strategic significance. The consistent view is that settlement-cycle reform should be treated as a staged evolution, approached through an industry taskforce and consultation framework, with market participants engaged from the design stage rather than at the point of final implementation.

Since the publication of our Concept Paper, HKEX published a Consultation Paper in April 2026 proposing a transition from T+2 to T+1 settlement for the Hong Kong cash market, with an indicative implementation timeline of 4Q 2027.[79] The paper outlines adjustments to clearing procedures and extended service windows, retains the delivery versus payment framework, and contemplates an operational efficiency tool for institutional participants. This represents a meaningful step forward, consistent with the direction articulated across these discussions, and underscores the importance of timely market engagement and operational readiness planning ahead of that horizon.

In the offshore RMB market infrastructure arena, participants identified operational dimensions where resilience and efficiency could be further strengthened, including settlement window arrangements, intraday funding availability, broker-bank-client timing alignment, payment cutoff constraints, and disruption-event protocols. The operating hours of large-value settlement systems are increasingly relevant here in their own right, since the availability of central bank money across time zones shapes what both conventional and tokenised settlement arrangements can practically deliver — a consideration attracting attention among major settlement operators internationally. These are not isolated technical matters but factors bearing directly on Hong Kong's capacity to fulfil its role as the world's leading offshore RMB centre with the consistency that role demands.

79 Hong Kong Exchanges and Clearing Limited. (2026, April 17). *HKEX publishes consultation paper on accelerated settlement for Hong Kong cash market.* HKEX News Centre. https://www.hkex.com.hk/News/Market-Communications/2026/260417news?sc_lang=en

Participants also noted that certain administrative processes, including aspects of stamp duty administration, have not been fully adapted to a modern digital market environment. The direct cost of any individual friction may be modest, but the cumulative burden and the signal these processes convey remain relevant to Hong Kong's standing as an international financial centre.

(II) Collateral Infrastructure, Interoperability and Digital Integration

A mature debt market depends on efficient collateral mobility and a well-functioning repo infrastructure. These are the two areas where Hong Kong should strengthen its framework to support financing efficiency, collateral flows, RMB liquidity management, and intermediary risk management. Meanwhile, seamless connectivity for global custodians serving international investors in the offshore RMB bond market remains essential. Market participants also stressed the importance of interoperability among RTGS, CMU, Euroclear, SWIFT, other offshore systems; cross-border custody and collateral flows were also highlighted.

Policy direction, as set out in the SFC and HKMA's FIC Roadmap and reaffirmed by measures announced in July 2026, emphasises treating repo, collateral eligibility, settlement efficiency, and offshore RMB liquidity as integrated components of a unified market architecture, not isolated technical improvements. This unified approach enables offshore RMB instruments to function flexibly as investment, financing, liquidity, and risk management tools, supporting Hong Kong's ambition to be a regional collateral and liquidity hub.

Within that framework, the ambition to develop CMU OmniClear into a major international central securities depository has gained institutional impetus, offering a credible alternative for custodial diversification. The next phase requires a focus on execution-level clarity, operational transparency, and interoperability with global custodians, including standards for collateral eligibility, settlement efficiency, and practical arrangements for secured financing. These steps will give institutional participants greater certainty and flexibility in custody planning and migration.

The discussions also reflected a broad view that digital infrastructure is integral to core market operations rather than a parallel innovation initiative. Areas engaged included:

- Settlement, collateral, and post-trade: digital bond settlement, tokenised collateral management, money market fund tokenisation, and programmable post-trade functionality — capabilities most valuable when incorporated into mainstream modernisation planning and directed at reducing friction in real market workflows.

- Payment and connectivity: digital payment and settlement integration and the potential role of CBDC or tokenised settlement corridors as components of a coherent digital infrastructure agenda rather than standalone pursuits. The HKEX–HKMA wholesale CBDC pilot for after-hours margin payment is a useful demonstration of that logic, extending risk management beyond banking hours without disrupting existing operational workflows. In parallel, the recent expansion of Cross-border Interbank Payment System (CIPS)'s cross-border RMB scope strengthens the rails on which Hong Kong's offshore RMB proposition operates.[80]

80 The State Council of the People's Republic of China. (2025, December 26). *China revises rules for cross-border RMB payment system. The State Council of the People's Republic of China.* https://english.www.gov.cn/news/202512/27/content_WS694f8842c6d00ca5f9a084c9.html

(III) Structured Data

An opportunity to strengthen Hong Kong's transparency framework lies in modernising the format in which listed-company information reaches the market. Issuer filings on the HKEX — annual and interim reports, ESG reports, circulars and announcements — are disseminated predominantly as PDF documents. While entirely suitable for human reading, PDFs require substantial extraction work before the underlying numbers can be used for systematic cross-market analysis. Peer markets have moved in a structured-data direction: the SEC has mandated XBRL reporting since 2009 and pairs that requirement with an open, freely accessible data infrastructure allowing investors to retrieve machine-readable financial data in near real time.[81] Chinese Mainland, Japan, South Korea, and the EU have implemented comparable regimes,[82] reflecting a broader global trend toward machine-readable issuer disclosure.[83]

The practical effect is most visible for the investor segments. International institutional allocators running cross-market quantitative screens and detail-oriented fundamental investors performing bottom-up analysis mostly have to rely on reformatted feeds from third-party data vendors, which carry both cost and latency consequences — by the time vendor-standardised data reaches a research desk, the informational edge of an earnings release can already be faded. Standardised, machine-readable issuer-level financial data is not available from HKEX's own market data offering, which fundamental researchers require.

Adopting an iXBRL or comparable structured-data requirement for listed-company financial reporting would directly address this gap. For a leading international fundraising venue — and one that has aligned with ISSB climate disclosure standards — modernising the issuer-data layer is a logical complement to existing initiatives.

(IV) Legal and Governance Foundations: Anchoring Long-Term Reform

Several participants stressed that legal certainty functions as a form of market infrastructure in its own right, encompassing arbitration, dispute resolution, contract enforceability, restructuring pathways, insolvency and rescue mechanisms, and broader confidence in due process. Hong Kong's long-standing strength as a dispute resolution centre is a significant comparative advantage that remains highly relevant to international investors, lenders, and corporates, and could be highlighted more prominently as part of Hong Kong's overall market competitiveness proposition. Ongoing work on corporate rescue and restructuring reform was understood as part of the broader market resilience and investor confidence agenda, and its connection to that agenda deserves more explicit recognition in how Hong Kong communicates its institutional strengths.

A theme that recurred across discussions was the importance not only of the content of market reforms but of the process through which they are developed and communicated. Participants emphasised the value of earlier and more structured engagement with market participants, greater visibility into official thinking on sequencing and priorities, and more regular institutional checkpoints in the reform cycle. The industry hopes that public-sector stakeholders can consistently draw on the knowledge and

81 U.S. Securities and Exchange Commission. (n.d.). *Structured disclosure RSS feeds*. SEC. https://www.sec.gov/data-research/structured-data/structured-disclosure-rss-feeds
82 Journal of Accountancy. (2008, October). *XBRL around the world*. American Institute of CPAs. https://www.journalofaccountancy.com/issues/2008/oct/xbrlaroundtheworld/
83 U.S. Securities and Exchange Commission. (n.d.). *Inline XBRL*. SEC. https://www.sec.gov/data-research/structured-data/inline-xbrl

operational experience of market participants. The quality of stakeholder engagement should itself be treated as a dimension of infrastructure governance, and major reforms would benefit from structured industry working groups, clearer communication of policy rationale and sequencing, and more visible implementation planning.

(V) Strategic Priorities

Settlement and Post-Trade Modernisation

- Consider developing a market-wide roadmap for infrastructure modernisation encompassing settlement, clearing, and post-trade systems, including CCASS and CMU, sequenced in parallel with front-end market reforms and with clear milestones and implementation visibility to reflect the ambition of becoming a regionally significant ICSD.
- Encourage HKEX to maintain continued industry engagement with market participations following its consultation on accelerated settlement for the cash market, such as establishing structured readiness workstreams in preparation for the indicative 4Q 2027 implementation.
- Review end-to-end settlement and operational arrangements for key RMB products, including intraday liquidity, payment windows, and contingency protocols, as part of a broader effort to strengthen the operational resilience of Hong Kong's offshore RMB infrastructure.

Collateral, Interoperability and Digital Integration

- Consider developing a more coherent strategy for collateral mobility and cross-system interoperability, covering the legal and operational arrangements needed to support secured funding and cross-border collateral flows across CMU, Euroclear, RTGS, and related systems.
- Explore integrating digital settlement, tokenised collateral management, and programmable post-trade functionality into mainstream infrastructure reform planning, directed at identifiable workflow frictions, with legacy administrative processes, including stamp duty handling, modernised as part of the same programme.

Structured Data

- Adopt an iXBRL or comparable structured-data standard for HKEX issuer financial reporting, aligned with practice in peer markets.

Legal and Institutional Foundations

- Consider more explicitly positioning Hong Kong's legal infrastructure as a core and differentiated component of its international market competitiveness proposition.
- Explore strengthening the governance of market reform through earlier and more structured industry engagement, clearer communication of policy rationale and sequencing, and more transparent implementation planning.

Conclusion

Conclusion

The arc of analysis in this paper has moved deliberately from architectural vision to construction. Each of the five pillars has been examined not in isolation but as part of an interconnected system, in which progress on any single dimension is conditioned by progress across the others. A more competitive listing regime delivers its full effect only when matched by full-lifecycle execution infrastructure. Deeper patient capital mobilisation depends on the product depth that benchmark curve construction makes possible. Intermediary commercial viability shapes the secondary liquidity on which both issuer retention and investor confidence rest. And infrastructure modernisation determines whether any of this can operate at the speed, scale, and cost that sophisticated international participation requires. The interdependence is not incidental — it is the defining characteristic of mature capital markets, and the standard against which Hong Kong's construction phase must be assessed.

What distinguishes this moment is not the presence of strategic clarity, which has been intermittently available before, but the convergence of conditions that make execution genuinely feasible. The policy anchors are in place. The regulatory consultations are live and substantively ambitious in direction. The institutional foundations — common law architecture, multi-currency settlement capability, the deepest offshore RMB infrastructure globally, and a professional services layer of recognised quality — are effective. The strategic question has narrowed: not whether Hong Kong can compete, but how it plays the structural indispensability standard that the global capital system increasingly requires to its advantage.

The recommendations in this paper are not a menu from which to select; they are an integrated agenda whose strategic value depends on coordinated sequencing and disciplined execution. The construction phase is the more demanding task, requiring sustained policy attention across multi-year horizons and the willingness to hold reform to the standard of structural change rather than procedural completion. The reward, when the work is done with the discipline the moment demands, is the position Hong Kong is uniquely placed to occupy: the indispensable capital market nexus of the Asian time zone. That outcome is now available. Whether it is realised is a matter of execution.

Annex

Annex 1: List of Participating Organisations in the Capital Market Roundtables

This paper is the direct product of an extensive engagement process conducted in the opening months of 2026, in which the FSDC convened over 30 closed-door roundtables and stakeholder sessions with industry associations, chambers of commerce, trade associations and professional bodies, engaging over 600 practitioners—from a wide range of financial and professional services sectors, as well as corporate representatives—from Hong Kong, Chinese Mainland, the broader region, and beyond.

#	Organisations
1	Asia Pacific Loan Market Association
2	Asia Securities Industry & Financial Markets Association
3	Association of Hong Kong Capital Market Practitioners
4	CFA Society Hong Kong
5	Chamber of Hong Kong Listed Companies
6	Chinese Asset Management Association of Hong Kong
7	Chinese Banking Association of Hong Kong
8	Chinese Financial Association of Hong Kong
9	Chinese Futures Association of Hong Kong
10	Chinese Securities Association of Hong Kong
11	CPA Australia
12	Family Office Association of Hong Kong
13	Hang Seng Indexes Company Limited
14	Hong Kong Chinese Enterprise Association
15	Hong Kong General Chamber of Commerce
16	Hong Kong Institute for International Finance
17	Hong Kong Institute of Certified Public Accountants
18	Hong Kong Investment Funds Association
19	Hong Kong LPF Association
20	Hong Kong Securities and Investment Institute
21	Hong Kong Securities Association
22	Institute of Chartered Accountants in England and Wales
23	Institute of Securities Dealers
24	International Capital Market Association
25	Private Wealth Management Association
26	The American Chamber of Commerce in Hong Kong
27	The British Chamber of Commerce in Hong Kong
28	The Chinese General Chamber of Commerce
29	The Hong Kong Chinese Insurance Association
30	The Hong Kong Federation of Insurers
31	The Hong Kong Retirement Schemes Association
32	The Treasury Markets Association

Acknowledgement

The FSDC would like to thank the following working group members for their valuable input:

Mr Andrew Weir

Mr Barry Chan

Mr Ronald Chan

Ms Lisa Chung

Mr Thomas Fang

Mr Paul Lau

Ms Virginia Lee

Ms Nelly Pai

The operation of the FSDC is led by:

Dr Rocky Tung
Executive Director

This report is prepared by the FSDC Policy Research Team:

Dr Fielding Chen
Director, Policy Research

Ms Wivinia Luk
Senior Manager, Policy Research

Ms Joyce Lee
Senior Manager, Policy Research

Mr Kendrew Leung
Manager, Policy Research

Ms Erica Chung
Manager, Policy Research

Mr Morris Tang
Manager, Policy Research

Mr Ken Kan
Assistant Manager, Policy Research

FSDC Weblink

Financial Services Development Council

About the FSDC

The Financial Services Development Council (FSDC) was established in 2013 by the Government of the HKSAR as a high-level 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.

In September 2018, the FSDC was incorporated as a company limited by guarantee. This change allows it to better discharge its functions through research, market promotion, and human capital development with greater flexibility.

Contact us

Email: enquiry@fsdc.org.hk
Tel: (852) 2493 1313
Website: www.fsdc.org.hk