

## **FIBE (16 April)**

### **DBL's Speech**

To begin the session, let me first provide a brief overview on the financial and fintech development of Hong Kong.

2. Hong Kong is now ranked third globally and first in the Asia-Pacific region in the Global Financial Centres Index. As a premier international financial centre with a robust regulatory environment and abundant business opportunities, Hong Kong's ranking in fintech has leapt to first in the world. We stand out as a market with consistent, predictable, forward-looking policies, and a balanced and trusted regulatory framework.

3. Hong Kong is an ideal location for the development of fintech. The fintech landscape in Hong Kong is thriving, hosting over 1 200 fintech companies, including digital banks, virtual insurers and licensed digital asset trading platforms.

4. To facilitate the continuous and vibrant development of fintech enterprises in Hong Kong, we have adopted a multi-pronged strategy including enhancing Hong Kong's financial infrastructure, building a vibrant fintech ecosystem, nurturing fintech talents, and strengthening our connection and co-operation with the industry in the Chinese Mainland and overseas, with a view to creating and providing a conducive environment, thereby promoting fintech innovation and application.

5. Globally, the application of Web3 technologies in finance continues to broaden in both scope and sophistication. A few trends are particularly prominent.

6. The first one is the tokenisation of real-world assets. Government bonds, money market funds, and other traditional financial instruments are increasingly being issued using digital ledgers to enhance settlement efficiency, enable fractional ownership, and unlock liquidity in traditionally less liquid assets.

7. Hong Kong is one of the pioneers in this area, having been the first jurisdiction in the world to issue tokenised government green bonds. Building on

this, last year we issued the world's largest digital green bond, with a multi-currency offering of HK\$10 billion. We will regularise the issuance of tokenised green bonds.

8. The Hong Kong Government and regulators are working with the industry to foster concrete, high-impact use cases, while ensuring that emerging risks are properly identified, monitored and managed. A key principle underlying innovative initiatives is "same activity, same risk, same regulation". The aim is to enable the healthy and responsible development of the digital asset sector through solid regulation and a robust ecosystem. The Government and the regulators are on one hand the facilitator and enabler to speed up fintech development, whereas at the same time ensuring compliance with international regulatory regime.

9. An example of how we are enhancing Hong Kong's regulatory framework for digital assets is stablecoin. We recognise stablecoin as a practical tool for resolving issues in the real economy, particularly with regard to payments and settlements. When granting licences, we ensure that licensees have real-world use cases and a credible, sustainable business model, as well as strong regulatory compliance capabilities. Just last week, our Hong Kong Monetary Authority had approved HSBC and a joint venture by Standard Chartered to issue stablecoins backed by the Hong Kong dollar. They are expected to launch stablecoins in the second half of this year to cover cross-border and local use cases, as well as digital asset trading.

10. To supplement, Securities and Futures Commission (SFC), the regulatory and licensing body in Hong Kong, has been enabling the development of Hong Kong's virtual asset market. For example, licensed operators can also combine their orders with those of affiliated overseas virtual asset trading platforms in a shared order book. With seamless cross-platform order matching and execution, investors in Hong Kong stand to benefit from enhanced market liquidity and more competitive pricing, underpinned by robust safeguards to mitigate additional risks.

11. In summary, Hong Kong's success is underpinned by free flow of capital, a robust regulatory framework, and also our unique advantage of facing the world while being closely connected to the Chinese mainland market. This diverse and innovative ecosystem attracts entrepreneurs, investors, and professionals from

around the world. We always welcome innovators and institutions from around the world to develop and scale their businesses here. Thank you.