

Joseph Yam: ABF Pan Asia Bond Index Fund

Opening remarks by Mr Joseph Yam, Chief Executive of the Hong Kong Monetary Authority, at the listing ceremony of the ABF Pan Asia Bond Index Fund, Hong Kong, 7 July 2005.

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Deputy Governors and representatives of the EMEAP Central Banks, Distinguished Guests, Ladies and Gentlemen,

1. It gives me great pleasure to be present at the inauguration of trading of the ABF Pan Asia Bond Index Fund (PAIF) on the Stock Exchange of Hong Kong. It was barely two weeks ago that I attended the listing ceremony of another ABF fund. Up to now, two components of the Asian Bond Fund Initiative, the PAIF and the ABF Hong Kong Bond Index Fund, have been listed in Hong Kong. In the next few months, the other seven components of ABF2 will also be launched in other Asian markets.

2. All of this activity marks the culmination of one of the largest co-operative enterprises among central banks in the Asian-Pacific region in recent years. I am delighted to see that, after nearly two years of hard work by central banks and monetary authorities in the region, the PAIF has now been turned from a conceptual construct into a real product. The PAIF is an excellent demonstration of how the public and private sectors can work together to strengthen the regional bond market as an effective channel for turning savings into investments in Asia.

3. The ABF Hong Kong Bond Index Fund made history by being the first bond exchange-traded fund launched in Asia. The PAIF has also set two records. It is the first listed Asian bond fund to invest in as many as eight bond markets in the region. As a listed fund, it allows easy access by both institutional and retail investors who wish to have exposure to the Asian bond markets in a cost-effective and convenient manner. Secondly, the PAIF is the first foreign institutional investor that has access to the interbank bond market of Mainland China. This is an important step in the opening up of China's bond market to foreign participants. I am glad to see that the PAIF has played a catalytic role in development not only in China but also in all the markets in which the fund invests.

4. I take this opportunity to thank State Street Global Advisors (SSgA), the fund manager of the PAIF, for their commitment and dedication to the development of this innovative product and to the idea of an Asian bond market. We have seen a favourable response to the ABF Hong Kong Fund, and I hope that the PAIF, with its broader investor base, will also be well received by markets. I wish you every success in promoting the PAIF. Thank you.