

Joseph Yam: Establishment of the Treasury Markets Association

Welcoming remarks by Joseph Yam, Chief Executive of the Hong Kong Monetary Authority, at the inaugural ceremony of the Treasury Market Association, Hong Kong, 23 January 2006.

* * *

Good afternoon, Ladies and Gentlemen,

1. First of all, let me, as President of the Council of the Treasury Markets Association, welcome you all to this inauguration ceremony to celebrate the establishment of the Treasury Markets Association. The establishment of the TMA has the strong support of market participants. I am glad to learn that the Association has already successfully registered about 2,000 market practitioners and over 50 institutions as members. This strong membership provides a solid base for the Association to take forward its strategy and plans.

2. To maintain the status of Hong Kong as an international financial centre, a requirement specified in Article 109 of the Basic Law, I believe that it is important for us to have, among other things, treasury markets that are active, professional and efficient, and that operate in accordance with international standards. The volume of financial business in Hong Kong is enormous. This is best illustrated by the following statistics:

- According to the Bank for International Settlement's triennial survey in 2004, our average daily foreign exchange turnover was close to HK\$800 billion, which was the sixth largest in the world;
- On average, transactions settled through the various RTGS systems in Hong Kong amounted to HK\$540 billion each day in 2005;
- New debt securities issued in 2005 amounted to HK\$400 billion; and The total amount of funds raised through IPOs reached HK\$166 billion in 2005.

3. Our treasury markets have done well in servicing the financial businesses behind these impressive numbers. Further globalisation of financial markets and financial liberalisation on the Mainland will likely place new and increasing demands on our treasury markets. We need to move with the times, if we are to maintain our status as an international financial centre, and I think the establishment of the TMA provides a good mechanism for us to do so. In my view, there are four key areas which the TMA should focus on: professionalism, market development, codes and standards, and publicity.

4. The **professionalism** of market practitioners contribute significantly to the competitiveness of a financial centre. An important area of work of the TMA is therefore to enhance the professionalism of the practitioners in the Hong Kong treasury markets. I look forward to the development of a professional qualification regime for treasury market practitioners and to a time when membership of the TMA is seen as confirmation of professional expertise in the field. Credible training and continuous professional development programmes, comparable to those of other professional bodies, will bring the recognition that the treasury market business deserves as a distinct branch of the financial industry.

5. The second area where the TMA will be active is **market development**. Treasury markets, like all financial markets, are never static: they are vibrant and dynamic. To maintain our competitiveness, we should proactively identify and respond to opportunities arising from this dynamism. And, looking around us, it is not difficult to see that the Mainland is an important source of dynamism and opportunities in the years to come. Hong Kong, with its location, mature and efficient markets, pool of professional talent, as well as its many links to the Mainland, has a clear advantage in tapping this huge potential market. One of the priorities of the TMA, therefore, is to establish a close relationship with its counterparts and regulatory authorities on the Mainland, and to contribute to the development of the treasury markets in the Mainland. I believe that this will provide enormous business opportunities for market participants in Hong Kong and further strengthen our role as an international financial centre.

6. The third important area of work for the TMA will be to develop and promulgate **codes and standards** that are widely accepted by market participants, and in line with best international practices, to help the treasury markets function smoothly. The TMA will continue the work of the TMF in reviewing and developing codes and standards for the industry in the light of the development in the

local, Mainland and overseas markets. One example of work in this area is documentation in Chinese, which will be essential as Hong Kong explores new business opportunities on the Mainland.

7. Lastly, for Hong Kong to aspire to be the preferred hub for treasury market businesses in the region, we need to market ourselves well. The TMA will therefore have to pay attention to **publicity** and communication, not just in Hong Kong but also in the region. It will be very important for the TMA in the years ahead to raise its profile, and strengthen and broaden the ties previously established by the TMF with counterparts in the major market centres around the world.

8. Establishment of the TMA allows a wide range of institutions and practitioners in the foreign exchange, money markets, debt, derivatives and other treasury markets to pool their efforts towards a common aim. While the TMA is newly established, I am glad to note that the financial institutions and money brokers have already joined as institutional members. The majority of the ACIHK members have also joined as individual members. This broad membership makes the TMA the authoritative industry association and focal point for treasury matters in Hong Kong. I am also glad that there are four committees established to focus on the four key areas that I have spoken about. We at the HKMA consider the TMA an important new element of our financial infrastructure. We are confident that the TMA will play a pivotal role in the maintenance of the status of Hong Kong as an international financial centre. May I congratulate you all on today's inauguration and wish you all the very best for the future.