

Norman T L Chan: Bond Connect – enhancing Hong Kong as an international financial centre

Remarks by Mr Norman T L Chan, Chief Executive of the Hong Kong Monetary Authority, at the Bond Connect Launch Ceremony, Hong Kong, 3 July 2017.

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The Honourable Carrie Lam Cheng Yuet-ngor, Deputy Director Huang Liuquan, Deputy Director Qiu Hong, Financial Secretary Paul Chan, Deputy Governor Pan Gongsheng, Mr CK Chow, distinguished guests, ladies and gentlemen,

1. Good Morning.
2. I am very pleased to join you today for the launch of Bond Connect. Bond Connect marks another milestone of mutual access of capital markets between the Mainland and Hong Kong, following the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. It is also another important measure of the Central Government to support Hong Kong's development as an international financial centre.
3. A key function of Hong Kong as an international financial centre is financial intermediation, providing efficient and safe conduits for fund flows. The establishment and smooth operation of these conduits shall be underpinned by suitable and sound financial infrastructures. Over the years, the Hong Kong Monetary Authority (HKMA) has endeavoured to build our financial infrastructures, from the Real Time Gross Settlement system to the Central Moneymarkets Unit (CMU) for debt securities settlement, which have laid a solid foundation for Hong Kong's development as an international financial centre.
4. Bond Connect is a new financial infrastructure established through the connection between HKMA's CMU and the relevant central securities depositories (CSDs) on the Mainland. Under Bond Connect, eligible overseas investors can settle and hold their Mainland bonds through CMU using nominee holding arrangement. Nominee holding arrangement is widely used by investors in international capital markets as it provides greater convenience and flexibility to investors and market participants. CMU also adopts nominee holding arrangement and provides nominee holding services for more than 200 local and international banks, trust companies and custodians through its linkages with Euroclear, Clearstream and other regional CSDs. The continued liberalisation of the Mainland's capital account and RMB internationalisation will progressively raise demand from overseas investors for RMB asset allocation, while the Mainland has been proactively rolling out measures to facilitate overseas investors' access to its bond market. We believe that Bond Connect would enhance overseas investors' participation in the Mainland bond market.
5. I wish Bond Connect a great success. Thank you.