

CROSS BORDER COOPERATION :

Hong Kong Experience



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- Defining CBC
- Benefits
- Forms and structures
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There are many ways of defining cross-border Cooperation (CBC).....

“...is a form of international cooperation exercised bilaterally or multilaterally between countries or regions across shared and non-shared borders to yield benefits or reach common goals...” - Sonya Gerfert

“...aims to encourage economic convergence through integration and thus to prevent the creation of economically less favoured peripheral zones. It concerns the management ofcountries' border regions with neighbouring countries.”- Welcomeurope

...is cooperation among local communities and authorities who are neighbors since divided by state borders...”- Association of Young Economists

“...is the collaboration between adjacent areas across borders” – Wikipedia



CBC may take difference forms/structures:

Level of Cooperation



Number of Countries/
region
participation



Benefits of CBC...

- promoting economic and social development
- working together to address common challenges
- removing unnecessary barriers to trade, social and cultural interchanges or regional cooperation
- strengthen interaction and cooperation amongst local and regional communities, civil and industry society groups
- attract funding and support social and economic development in the areas on both sides of the border involved in the cooperation



Our close relation with Mainland China

Close ties between Hong Kong with Mainland China:

- Politics
- History
- Cultural



Some significant co-operations with Mainland China for past in 20 years in securities market

<p>Memorandum of Regulatory Cooperation - June 1993</p>	<p>Parties: HKSF and CSRC Purpose: investigatory assistance and exchange of information Others: Further MOU signed in July 1995 in relation to futures</p>
<p>H Shares Listing regime in Hong Kong - June 1993</p>	<p>MOU on Sino-Hong Kong regulatory cooperation Parties: CSRC, SHSE, SZSE, HKSF and SEHK Purpose: Remove regulatory hurdles Mainland incorporated firms seeking for the listing in Hong Kong Others: Enactment of Companies Laws and Securities Laws in the PRC and amendments of HK Listing Rules</p>
<p>Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) - June 2003 Since then 10 Supplements have been signed</p>	<p>Parties: Mofcom of PRC and HKSAR Purpose: promote the joint economic prosperity and development and facilitate the further development of economic links between the two sides and other countries and regions Area of cooperations: (i) tariff free trade in Hong Kong goods (ii) Trade in services - preferential market access for Hong Kong service providers (iii) Mutual recognition of professional qualifications (iv) Trade and investment facilitation</p>



Some significant co-operation with Mainland China for past in 20 years in securities market (continue)

<p>Agreement on closer cooperation between the SHSE and HKEx -Jan 2009</p>	<p>Purpose:(i) information sharing and cooperation in regulating companies and securities listed in both markets, market infrastructure development, product development, information service development, personnel exchanges (ii)strengthen information sharing and cooperation in regulating companies and securities listed in both markets(iii)exchanges and cooperation regarding technology that supports business development (iv)deepen cooperation in the development of information products(v)continued exchanges and training involving their personnel</p>
<p>Pilot Renminbi Trade Settlement Plan - April 2009</p>	<p>Parties: PBOC, HKMA and MMA Purpose: facilitate renminbi settlement of cross-border trade transactions, to regulate the behaviors of pilot enterprises and commercial banks, and to prevent risks arising from their business. Eligible participants: (i) Recommended Chinese domestic enterprise in the pilot areas (ii) Jointly approved Hong Kong and Macau banking institutions</p>



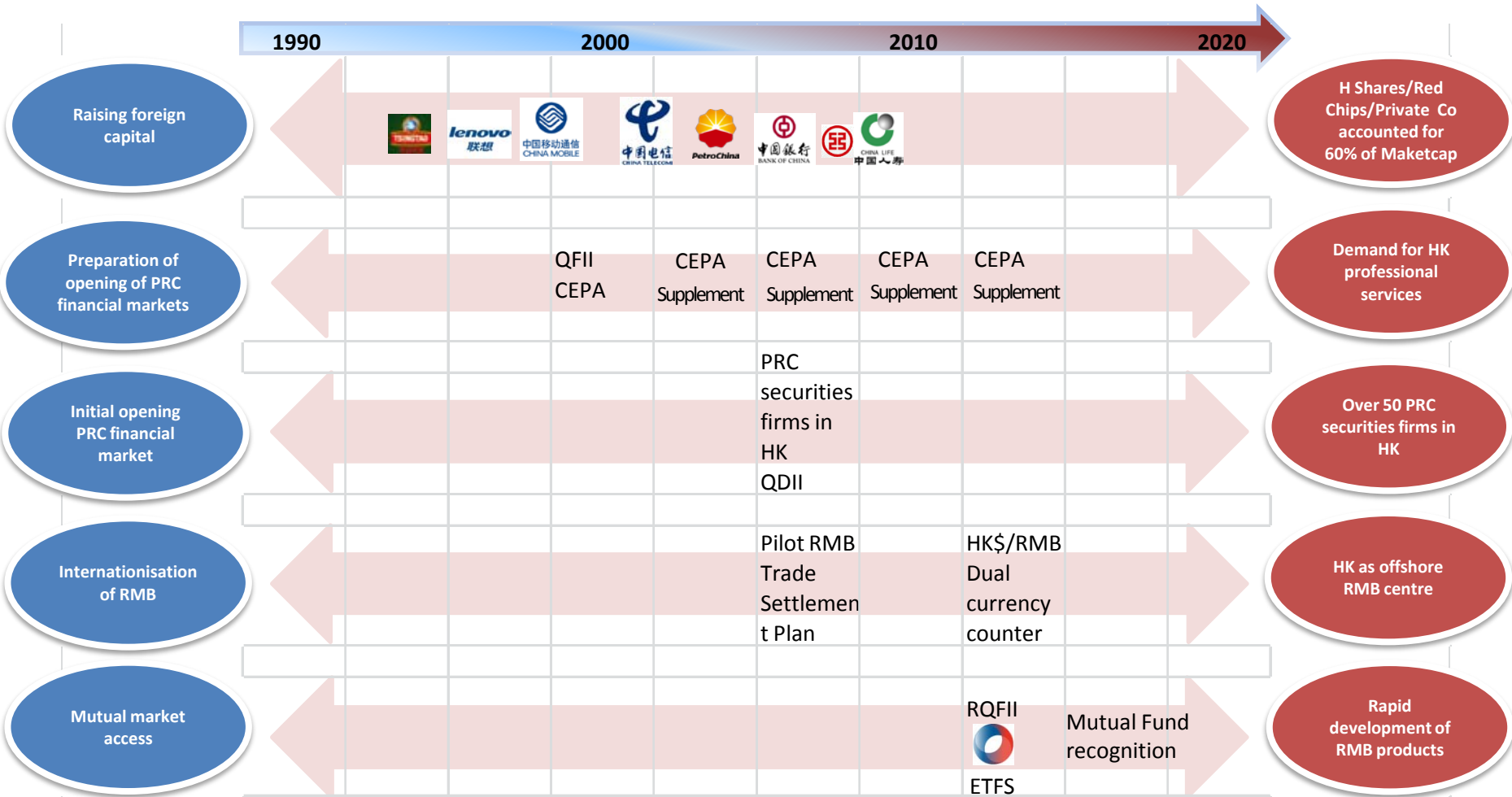
Some significant co-operation with Mainland China for past in 20 years in securities market (continue)

<p>Pilot Program of Domestic Securities Investment Made by RQFIs -March 2012</p>	<p>Parties : Subsidiaries of Mainland fund management and securities Companies in Hong Kong Purpose: Launching RQFII products of authorised by HKSF to invest into the China domestic securities market and interbank market Participants: Initially 21 pilot institutions. As of July 2013 At present, 37 institutions have been granted RQFII status. Quotas: SAFE initially has approved RMB20 billion and the total quota today reached RMB 270 billion</p>
<p>China Exchanges Services Company Limited -Sept 2012</p>	<p>Parties: HKEx, SHSE and SZSE Purpose: aims to contribute to the further internationalisation of PRC's capital markets and provide global investors with exposure to the world's second largest economy Service: (i)Develops a series of cross-border indices currently includes CES 120, CES A80 and CES HKMI (ii)Grants license to develop financial products linking to the 3 indices e.g. ETFs, futures, options</p>





How do these CBCs fit in the landscape of securities industry



H Shares/Red Chips/Private Co accounted for 60% of Marketcap

Demand for HK professional services

Over 50 PRC securities firms in HK

HK as offshore RMB centre

Rapid development of RMB products



CBC at Asia Securities Forum



The End

