



The HK Association of Online Brokers

香港網上經紀協會

May 12<sup>th</sup> 2021

Mr Christopher Hui Ching-yu  
Secretary for Financial Services and the Treasury  
24/F, Central Government Offices, 2 Tim Mei Avenue,  
Tamar, Hong Kong

Delivered by courier

Dear Mr. Hui,

On behalf of Hong Kong Association of Online Brokers, I express our deepest gratitude and appreciation for your relentless efforts to support the financial services industry. I am writing to share our views with you that we hope the financial services industry is not marginalized and to ensure continued livelihood for workers and business owners. For clarification, financial services industry is referred as SFC Licensed Corporations.

Our concern stems from the fact that our industry has not benefited from past policies and initiatives which aim to strengthen Hong Kong as major international financial center and capital market for fund raising. For example, the success of Stock Connect has increased daily turnover and attracted large number of IPOs to Hong Kong Stock Exchange therefore benefiting Hong Kong Stock Exchange shareholders and Global Investment Banks. On the other hand, locally owned SFC Licensed Corporations are unable to enjoy any benefits. The recent announcement of Greater Bay Area Wealth Management Connect, the financial services industry is totally absent from the scheme.

In the National 14<sup>th</sup> Five Year plan, Hong Kong is to be positioned as an International Asset Management Centre; we feel the financial services industry is well capable of providing wealth management services in addition to traditional stock brokerage services. Generally speaking, firms in our industry are licensed by SFC for Type 1 license, dealing in securities and Type 4 license, advising on securities. In fact, the financial services industry provides intermediary services which complement Asset



The HK Association of Online Brokers

香港網上經紀協會

Management Companies as we are the client facing entity ( B2C ) while Asset Managers provide products to Intermediaries ( B2B ) in the overall supply chain.

As Greater Bay Area Wealth Management Connect is taking shape, we hope Hong Kong Government does not overlook our industry. As such, we have the following recommendations:

1. Position Hong Kong as the wealth management platform to invest in local and overseas markets.
2. Convince Mainland Government to allow Mainland individuals in Greater Bay Area to setup Special Purpose Wealth Management account with SFC registered intermediaries in Hong Kong in a closed-loop as a pilot. ( SFC has existing and mature regulations on cross border Non Face to Face remote account opening )
3. Expand the pilot Wealth Management account to invest in designated wealth management products including Robo Advisory Managed Portfolio where the underlying securities consist of ETFs and Crypto Assets. ( Utilizing Hong Kong's expertise in Fintech is aligned with National 14<sup>th</sup> Five Year plan to develop Hong Kong into an international innovation and technology hub )
4. Update the securities ordinance to treat offshore listed ETFs, considered by SFC as unregistered collective investment scheme which could only be sold to Professional Investors, as the same status as Hong Kong ETFs thereby could be advised and sold to non-Professional Investors in a managed portfolio or as an individual fund unit.

In closing, as financial service is one of the four pillars industries of Hong Kong, we will use our best efforts to ensure Hong Kong's prosperity and stability.

Best regards

Oliver Tse Kuen Ng

Chairman