



Press Release

FSDC releases report

“Enhancing market liquidity and efficiency: Optimising stock trading mechanism and operations in Hong Kong”

Hong Kong, 17 June 2024 – The Financial Services Development Council (FSDC) today released a research report titled “Enhancing market liquidity and efficiency: Optimising stock trading mechanism and operations in Hong Kong”.

Hong Kong has achieved remarkable success as a renowned international financial centre and one of the world’s most active and vibrant capital markets owing to various strengths. Its well-established infrastructure, efficient transaction clearing and settlement systems, and deep market liquidity expedite capital flows and foster vibrant trading.

“The success of an efficient capital market lies in the balance of investor protection and staying ahead of the latest market development. The capability of our market infrastructure to facilitate seamless transactions for both domestic and international investors contributes to Hong Kong’s triumph,” said Laurence Li SC, Chairman of the FSDC. “To maintain its position as an equity trading hub and one of the world’s leading capital markets, Hong Kong must not rest on its laurels. It is essential to keep evaluating the competitiveness of the stock trading mechanism to address evolving market needs and solidify its global and regional standing, thereby attracting and retaining investors.”

Acknowledging the challenges faced by various market participants, the paper puts forth key recommendations aimed at enhancing the efficiency and liquidity of Hong Kong's capital market. These policy recommendations include (i) updating the qualifying conditions for stock borrowing transactions by removing and simplifying non-substantive administrative requirements and expanding the exemption scope to accommodate genuine funding transactions commonly adopted in the market; (ii) enhancing utilisation of Hong Kong stocks as collateral in diverse financial transactions; (iii) creating a level playing field for intermediary facilitation activities; (iv) elevating the pivotal role of the jobbing business in stimulating the trading activities in Hong Kong and providing clear guidance on



the practical requirements for options market makers; and (v) electronic stamp duty payment for off-market transactions.

The full version of the report can be downloaded from the FSDC website: www.fsd.org.hk.

About the FSDC

The FSDC was established in 2013 by the Hong Kong Special Administrative Region Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

The FSDC has been incorporated as a company limited by guarantee with effect from September 2018 to allow it to better discharge its functions through research, market promotion and human capital development with more flexibility.

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