



Hong Kong's Capital Market Leadership: A Super-Connector Path to the Global Capital Nexus in the Digital Era



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Executive Summary

1. Executive summary: Architecting the future — Hong Kong as the global capital nexus

Imagine a financial ecosystem where capital knows no borders, a marketplace where the dynamism of global investment seamlessly meets the vast, patient wealth of China and the world. In this vision, capital flows at the speed of light and round the clock, empowered by technology, and operates within a framework of predictable safety and unparalleled efficiency. This is not merely a conduit for capital, but the world's most sophisticated financial nexus — a platform where every qualifying firm can instantly access deep liquidity, and investors can deploy capital frictionlessly across a diversified universe of assets. This is the future we envision for Hong Kong.

The Ambition vs. The Present

Today, Hong Kong stands as Asia's premier financial gateway, with assets under management of HK\$35.1 trillion as at the end of 2024 and a decade-long record as a leading global IPO hub. Our foundational strengths are robust: pioneering Connect schemes, world-class infrastructure like the CMU, and a trusted legal framework that anchors global confidence.

However, the world is not standing still. Global competition is intensifying, digital assets are rewriting the rules, and a new generation of pre-profit, innovation-driven firms demand more agile markets. The risk is clear: diversify or diminish. While we have laid a robust groundwork, our vision demands we evolve from being a leading international financial centre (IFC) and China's financial bridge into something far greater — the indispensable global capital nexus in Asia, where both Chinese and international participants thrive.

This transformation hinges on strategic diversification across four core pillars — the **4Is**:

- **Issuers:** Broadening our base beyond traditional listings to attract global champions and innovative, digital-native firms.
- **Investors:** Deepening engagement with global institutional investors, including pension funds, insurers, and sovereign wealth funds, as well as private wealth investors including family offices.
- **Intermediaries:** Fortifying the expertise of our financial services ecosystem to support new asset classes and complex products.
- **Instruments:** Pioneering a new generation of investment vehicles, from tokenised real assets and sustainable finance products to expanded derivatives and alternatives.

The Strategic Roadmap: Our Path Forward

To bridge the gap between our solid present and our ambitious future, the Financial Services Development Council (FSDC) has developed a strategic framework in this concept paper. The initiatives are structured across clear time horizons, providing a pragmatic and actionable pathway.

Short-Term Initiatives (6–24 Months): Building Immediate Momentum

Our immediate focus is on enhancing market vibrancy and accessibility. Key actions include:

- **Modernising Listings:** Refining pathways for pre-profit, IP-rich companies (building on Chapters 18A & 18C) and the Weighted Voting Rights (WVR) regime to attract innovation-led issuers without diluting governance.
- **Boosting Liquidity:** Enhancing market-making and post-listing support for Small and Medium Enterprises (SMEs) to improve secondary market depth.
- **Attracting Global Champions:** Proactively securing re-listings and dual-primary listings to diversify our issuer sectors and deepen intermediary capabilities.
- **Piloting Innovation:** Running controlled pilots for alternative and insurance-linked instruments to validate new product frameworks and demand.

Medium-Term Initiatives (2–5 Years): Deepening and Broadening the Ecosystem

This phase involves scaling our infrastructure and expanding our product offerings.

- **Expanding Connect Schemes:** Extending, broadening and deepening this proven infrastructure beyond equities and bonds into derivatives, commodities, and alternative assets, featuring digitalised settlement and longer trading hours. In addition, explore potential synergy with A-shares to unlock additional growth opportunities on both sides.
- **Developing Private Asset Platforms:** Building platforms to support the issuance and secondary trading of private credit, private equity, and infrastructure debt.
- **Mobilising Long-Duration Capital:** Aligning product design with the needs of pension and insurance funds by developing high-grade corporate bonds, infrastructure debt, and tokenised real assets.
- **Laying Digital Plumbing:** Deploying blockchain-enabled infrastructure to support near-real-time cross-border workflows and extended trading windows.
- **Scaling Infrastructure and Project Finance:** Leveraging public-private partnership (PPP) models to mobilise private capital into large-scale, planned infrastructure assets across Hong Kong, Chinese Mainland, Belt and Road economies and the broader region.

Long-Term Initiatives (5–10 Years): Realising the Vision

Our long-term goal is to cement Hong Kong's status as the global standard-setter.

- **Building Global-Standard Digital Infrastructure:** Advancing tokenisation-enabled issuance and post-trade capabilities, underpinned by harmonised data and compliance standards at scale, to improve transactional efficiency
- **Positioning as the Global Capital Nexus:** Fully evolving into a multi-asset, multi-currency capital formation engine for the Asia time zone — building on Hong Kong's established leadership in equities, private assets, and wealth management, while continuing to deepen our offshore RMB capabilities and exploring opportunities to further develop the long-term yield curve and the broader debt capital market. This moves Hong Kong beyond the "IFC/China bridge" narrative to become a foundational pillar of the global financial system.

The Mandate for Change

The mandate is clear. Our future hinges on one imperative: to boldly architect the market of tomorrow. This requires a collective, ecosystem-wide response — modernising regulations, incentivising innovation, and building the infrastructure for the digital age.

Great markets do not adapt to change; they define it. For Hong Kong, that time is now. This paper is a call to action for all stakeholders to collaborate in building a resilient, innovative, and globally central capital nexus that will secure long-term prosperity for future generations.



Introduction

2. Introduction

2.1 Envisioning the Ideal: A market transformed

Close your eyes and picture it: a Hong Kong where a pension fund in Shanghai can confidently diversify into a global portfolio of equities, green bonds, and infrastructure assets, all settled safely through a single, integrated platform in Hong Kong. Imagine a technology firm from Southeast Asia or a biotech company from Europe choosing to list here not just for our brand, but for the guaranteed, expedited access to millions of mainland investors that their listing confers.

This is the ideal we are moving toward — a market defined by its breadth, connectivity, and unwavering trust. It is a system where capital flows are robust yet predictable, and where our infrastructure is so advanced that it becomes the invisible, indispensable backbone of global finance in Asia. Indeed, we have not been idle and have built a formidable launchpad for this ascent; however, there is still much more we can do to advance our offerings.

For instance, in terms of market breadth and access, we should focus on becoming a global listings hub where liquidity access is a core, automatic benefit. While we are already a leading venue for Chinese and select international IPOs, and while our Connect schemes are active, can their promise for new listings be better leveraged? While the coverage of eligible securities has expanded over the years,¹ what else can we do to stimulate the desire for firms to choose Hong Kong as their secondary, or even primary, listing venue? How can we further deepen our role as a connector to Mainland equity markets, such as A-shares, and reinforce our position as the preferred equity market for both Chinese and international capital? We should codify and expedite the pathway for new, qualified international listings to enter Connect schemes, transforming this access from a potential to a premier, marketable certainty.

In terms of infrastructure and efficiency, we aim to be a seamless, unified platform for global investors to manage complex portfolios. We have robust, yet sometimes siloed, systems (e.g., CMU) that are undergoing necessary but separate upgrades. Should we seize this opportunity to accelerate the integration of our financial infrastructure, focusing on enhancing the user experience to create a seamless, multi-asset and multi-currency environment that sets the industry's gold standard?

In relation to product diversity, we must strive to be a deep and vibrant ecosystem that caters to the long-term needs of patient capital. We have a strong capital market that is currently and undeniably dominated by equities, with promising but nascent growth in other asset classes, such as fixed income, derivatives and offshore RMB investments. Is it not the right time to proactively champion the development of new investment vehicles — from infrastructure funds to longevity-linked products — that meet the future-facing needs of international savers and respond to global priorities, including sustainability and closing the infrastructure gap?

These are some of the issues we want to address, keeping in mind that this is not a critique, but rather a strategic blueprint. By acknowledging these areas for focused improvement, we demonstrate not a lack of confidence, but a mature and determined roadmap for achieving our full potential.

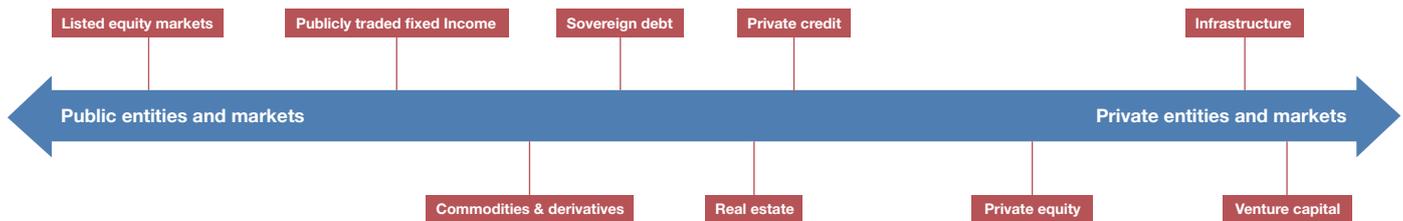
This concept paper marks **the next step** in FSDC's ongoing effort to explore sustainable development pathways for Hong Kong's capital markets in the digital era. While the FSDC has started zooming in on some of the projects more specifically, we look forward to engaging partners at home and abroad in further discussions.

¹ According to HKEX (see here), "eligible securities have been expanded to include companies with a weighted voting rights (WVR) structure since August 2019; pre-profit biotech companies since November 2020; selected Hong Kong-listed ETFs since July 2022; and, most notably, eligible international companies since March 2023."

2.2 The financial ecosystem

Before setting out the case for Hong Kong, it is worth stating the foundation. Capital markets are financial ecosystems where long-term capital is raised, traded, and allocated through equity and debt instruments. These markets — comprising stock exchanges, bond markets, and other investment platforms — facilitate the flow of savings into productive investments, enabling businesses to expand, governments to fund infrastructure, and investors to grow wealth. Capital markets are more than transactional platforms; they span public and private entities and markets, while involving a wide range of investment vehicles.

Capital markets are a spectrum



Source: Blackrock²

This architecture, now operating in the technology-driven era, is reshaping market dynamics amid geopolitical fragmentation and shifting growth corridors. Issuers can reach broader constituencies faster; investors transact online with real-time information; intermediaries, complying with data standards, orchestrate distribution and post-trade via connected infrastructure; investment instruments enhanced with tokenisation offer new avenues for liquidity. These design choices increasingly determine which economies thrive. As digitalisation continues to mature, traditional boundaries and demand patterns in capital markets are being tested.

2.3 Crossroads or launchpad? Hong Kong in the new era of global capital

As global finance enters a new digital era, competition among financial centres now hinges on digital agility, trust, and the ability to cater to a new generation of issuers and investors — legacy strengths alone no longer suffice. In this landscape, sustaining leadership demands a bold reimagining of what it means to be a world-class capital market in the digital age.

China's 15th Five-Year Plan affirms Hong Kong's role as an international financial centre should be consolidated and enhanced,³ and that the city's unique strengths should be leveraged to contribute to national development. Against this backdrop, Hong Kong must reassert its role not only as China's international gateway, but as a globally competitive capital nexus for the decade ahead. The city's real advantage lies in the breadth and sophistication of its capital ecosystem. Beyond public equities, it leads in Asia's debt capital markets, supports vibrant cross-border capital flows, and fosters a rapidly expanding sector for private assets and alternatives. Its financial infrastructure, now defined by digital integration across clearing, settlement, and market access, is trusted by global investors and issuers. In today's technology-driven era, leading issuers are scaling faster, iterating products continuously, and operating globally from day one. They demand faster time-to-market, deeper secondary liquidity, and seamless transitions between private and public capital. Meeting these expectations without compromising transparency or investor protection is how Hong Kong can translate its strengths into lasting leadership.

² BlackRock. (2025, February). *The virtuous cycle: The global potential of capital markets*. <https://www.blackrock.com/corporate/literature/whitepaper/global-capital-markets-paper.pdf>

³ Xinhua. (2025, October 28). Full text: Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development. State Council of the People's Republic of China. https://english.www.gov.cn/news/202510/28/content_WS6900adb9c6d00ca5f9a07216.html

Recent market performance highlights this dynamism. In the first ten months of 2025, Hong Kong's stock market average daily turnover reached HK\$258.2 billion, up 102% in the same period of 2024.⁴ Cumulatively since 2014, its IPO market has raised over US\$300 billion (HK\$2.34 trillion), placing it first globally for IPO proceeds over the decade.⁵ The city's bond and green finance markets also attracted international capital at scale, while private asset inflows and new fund domiciles reinforced its status as a regional gateway for institutional investors.

The global race, however, is accelerating. International peers are innovating to attract listings, deepen liquidity, and capture new forms of capital, including through the tokenisation of financial instruments and digital asset development. At the same time, there is a heightened awareness of widening financing gaps in sustainability and infrastructure, investments that are expanding in scale and definition, both of which are critical to long-term growth. Hence, Hong Kong's continued success hinges on addressing persistent challenges, such as enhancing process efficiency, ensuring post-listing liquidity, and integrating public and private capital pools — at a time when issuers and investors have more choice than ever, as well as global themes

To navigate this landscape with clarity, the analysis is organised around the 4Is — Issuers, Investors, Intermediaries, and Instruments — a practical lens for aligning access, market depth and resilience.

Issuers: Diversify beyond geography

While Hong Kong has already demonstrated its undisputed strength in hosting Chinese stock listings, we must broaden our offerings in the fixed income market and attract multinational corporations and global innovators to secure long-term relevance. This also includes welcoming the growing cohort of innovation-led and digital-native firms emerging from the new economy.

To drive the convergence of fixed income and equity market development, we must incentivise global companies of different scales to participate in our capital market, from luxury and healthcare brands, tech and FinTech champions, to commodity giants and infrastructure developers across Europe, the Americas, ASEAN, the Middle East, along the Belt and Road economies and other markets. For corporates with deep commercial ties to Asia or ambitions to expand their regional investor base, a dual-primary or secondary listing in Hong Kong can offer meaningful connectivity to Asian capital, alongside access to our offshore RMB and fixed income platforms. We should refine regulatory frameworks for high-growth sectors, giving such businesses an irresistible reason to utilise our equity and debt marketplaces for fundraising activities.

Some Questions to Explore:

- How can Hong Kong broaden its appeal to multinational corporations, global innovators, and high-growth sectors beyond traditional equity listings?
- What regulatory and market incentives are needed to attract issuers from Europe, the Americas, Southeast Asia, the Middle East, and other high-potential markets and projects?
- How can frameworks like the Weighted Voting Rights regime, Chapter 18A (biotech) and Chapter 18C (tech pioneers) be refined to better serve diverse issuer profiles, including pre-profit, IP-rich firms?
- What measures can be taken to strengthen market-making and liquidity support for high-growth SMEs, ensuring they have the capital and resources needed to scale?

⁴ HKSAR Government. (2025, October). HKEX Monthly Market Highlights.

https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX-Monthly-Market-Highlights?sc_lang=en

⁵ The Standard. (2025, June 17). *HKEX CEO: Hong Kong can easily accommodate returning Chinese ADRs.*

<https://www.thestandard.com.hk/market/article/304948/HKEX-CEO-Hong-Kong-can-easily-accommodate-returning-Chinese-ADRs>

Investors: Deepen engagement with patient capital

Hong Kong's investor base is vast and dynamic, yet the uneven development of its equity and fixed income markets has led to procyclical capital flows. Building enduring resilience requires a dual approach: deepening institutional participation while democratising access for a broader investor pool. The key is to implement measures that most effectively stabilise flows and support long-horizon investment without diluting safeguards.

A priority is to aggressively cultivate global institutional anchors — international pension funds (US\$63 trillion),⁶ insurers (US\$40 trillion),⁷ and sovereign wealth funds — whose portfolios prioritise high-credit-quality fixed-income assets. Achieving this vision requires aligning product design with institutional needs — focusing on high-grade duration and multi-currency assets, consistent hedging access, and transparent liquidity.

Hong Kong's status as the leading offshore renminbi centre provides a strong foundation for this strategy. The expanded RMB/HKD dual-counter trading, together with the recent launch of 30-year interest rate swaps under Swap Connect, is transformative.⁸ These developments align with the duration needs of pension and insurance holdings, bridge Mainland-Hong Kong derivatives markets, and fulfil institutional risk-management demands.

Some Questions to Explore:

- How can Hong Kong better align with the needs of institutional and sophisticated investors (e.g. pension funds, insurers, sovereign wealth funds, family offices and HNWIs) seeking high-credit-quality fixed-income assets?
- What role can tokenisation play in democratising access for global investors interested in traditionally illiquid assets?
- How can initiatives like the RMB/HKD dual-counter and Swap Connect bridge Mainland-international markets?

⁶ Agrawal, S., Broszeit, T., Singh, R., Sugimoto, N., Surti, J., & Vogelsang, S. (2025, March). *Pension funds and financial stability* (Global Financial Stability Note 2025/001). International Monetary Fund. <https://www.imf.org/-/media/Files/Publications/gfs-notes/2025/English/GFSNEA2025001.aspx>

⁷ International Association of Insurance Supervisors. (2024, December). *Global insurance market report 2024*. <https://www.iais.org/uploads/2024/12/Global-Insurance-Market-Report-2024.pdf>

⁸ HKEX. (2025, June 30). *HKEX welcomes launch of 30-year swaps trading in Northbound Swap Connect*. https://www.hkex.com.hk/News/News-Release/2025/250630news?sc_lang=en

Intermediaries: Strengthening the ecosystem's backbone

The full potential of issuers, investors, and instruments cannot be realised without robust intermediary support. Hong Kong must empower its network of banks, brokers, custodians, and market makers to drive market depth and efficiency. We need banks with sector-specific bond issuance and IPO expertise to draw global brands, technology pioneers, and other potential issuers to our city. To serve institutional and sophisticated investors globally, we require market intermediaries to provide liquidity across the yield curve, cash and derivative products. As for the emergence of tokenised assets, it demands custodians and settlement agents with expertise in digital assets.

Some Questions to Explore:

- What reforms are needed to empower intermediaries, including banks, brokers, and market makers, to support deeper fixed-income and digital asset markets?
- How can regulatory frameworks and cross-border compliance be optimised to attract global intermediaries?
- What incentives would encourage corporate bond market-making and sector-specific IPO expertise to deepen their roots in Hong Kong?

Instruments: Innovate Beyond Equities

The unevenly strong equities market leaves significant value untapped. To lead Asia's next capital cycle, Hong Kong should up its game and aim to transform into a global multicurrency fixed income hub in Asia, addressing corporate bond liquidity gaps while scaling up thematic investments such as green and sustainable bond issuance (US\$43.1 billion issued by issuers based in Asia in 2024).⁹ There is also potential to channel capital into infrastructure investments to support advanced economic transformation and inclusive development.¹⁰ Unlocking private markets is also vital, as FSDC noted in its previous report that private credit alone could fill 75% of Asia's corporate funding gap. Hong Kong is well-positioned to mobilise both public and private capital for projects that sit at the intersection of these verticals.

Some Questions to Explore:

- How can Hong Kong address corporate bond liquidity gaps while scaling sustainable finance and private credit markets?
- What regulatory and structural changes are needed to unlock private market investments?
- How can Hong Kong position itself as the go-to hub for Belt and Road project financing?

Framed by the 4Is, the discussion now moves from context to consequences — what is changing in global markets, and how those shifts shape the design choices that can secure Hong Kong's trajectory as a global capital nexus in the digital age.

⁹ International Capital Market Association. (2025, March). The Asian International Bond Markets: Issuance Trends and Dynamics (Fifth Edition), <https://www.icmagroup.org/assets/documents/About-ICMA/APAC/ICMA-Report-The-AsianInternational-Bond-Markets-Issuance-Trends-and-DynamicsFifth-Edition-March-2025-110325.pdf>.

¹⁰ <https://www.mckinsey.com/industries/infrastructure/our-insights/the-infrastructure-moment>

2.4 Global capital markets are at an inflexion point

Today, global capital markets are undergoing a fundamental reset. The multilateral norms formed after the financial crisis are being distorted and replaced by strategically aligned financial blocs. While the U.S. and China remain anchor markets, their approaches to capital formation and market access are diverging. The result is not absolute decoupling but re-routing of capital flow.

More Chinese issuers are now seeking listing venues with regulatory stability and global investor access, channelling capital through established international financial centres. As FSDC research in 2022 on Hong Kong's listing offerings noted,¹¹ a growing number of US-listed Chinese companies are considering alternative venues amid geopolitical uncertainty, with implications that extend beyond the participation of individual issuers to the structure of the global IPO market. In 2024, Chinese IPOs on US exchanges rebounded modestly, with 48 companies raising a combined US\$2.1 billion. However, most of these were small-cap issuers, averaging only US\$50 million per offering, a significant decline from the US\$300 million average in 2021.¹²

The absence of large, high-profile transactions and the withdrawal of Chinese state-owned enterprises from US markets point to deeper strategic recalibration opportunities.¹³ At the same time, capital markets are increasingly shaped by a new generation of hypergrowth innovation companies, particularly in artificial intelligence and biotechnology. These firms are often pre-profit and asset-light, placing less emphasis on traditional listing criteria such as profitability or tangible assets. Notably, intangible assets now account for approximately 90% of the S&P 500 market value,¹⁴ challenging the continued relevance of legacy financial benchmarks. In parallel, investors are demanding greater liquidity, tighter spreads, and more efficient post-trade operations. The global shift toward faster settlement cycles, including T+1 in the United States and T+0 in India,¹⁵ reinforced the importance of operational resilience and capital efficiency for any competitive listing venue.

Rising role of private markets

This realignment extends beyond public equities. Private capital markets are emerging as a critical arena in this global competition for capital, especially in the digital age where innovation cycles are accelerating. According to McKinsey, 2024 marked a year of uneven recovery, with fundraising for private market funds reaching its lowest level since 2016.¹⁶ Nevertheless, capital deployment in private markets still grew by double digits, reflecting investors' strong conviction in the sector's long-term value. Notably, over 30% of leading institutional investors intend to increase their allocations to private equity within the next year, highlighting private markets as both a haven and a growth engine in uncertain times.¹⁷

Private equity has demonstrated renewed resilience: after two years of subdued activity, distributions to limited partners and dealmaking have rebounded. This was made possible by a more supportive financing environment and a return of sponsor confidence, even as deal structures and sources of capital continue to evolve. Alternative fundraising vehicles, such as evergreen funds and co-investments, are gaining traction, and private market managers are increasingly tapping non-institutional capital through innovative channels and fund structures.

11 FSDC. (2022, March 3). *Hong Kong as an International Financial Centre — Enhancement of Hong Kong's IPO Offerings* (FSDC Paper No. 52). <https://www.fsd.org.hk/media/yflh4p1h/20220303-fsdc-paper-enrichment-of-hong-kong-s-listing-offerings-en-2.pdf>

12 U.S.-China Economic and Security Review Commission. (2025, March 7). *Chinese companies listed on U.S. stock exchanges*. https://www.uscc.gov/sites/default/files/2025-03/Chinese_Companies_Listed_on_US_Stock_Exchanges_03_2025.pdf

13 U.S.-China Economic and Security Review Commission. (2025, March 7). *Chinese companies listed on U.S. stock exchanges*. https://www.uscc.gov/sites/default/files/2025-03/Chinese_Companies_Listed_on_US_Stock_Exchanges_03_2025.pdf

14 World Intellectual Property Organization. (n.d.). *Intangible assets and IP*. <https://www.wipo.int/en/web/intangible-assets>

15 Citi. (2025, April 24). *Navigating India's T+0*. <https://www.citigroup.com/global/insights/navigating-india-t-0>

16 McKinsey & Company. (2025, May 20). *Global private markets report 2025: Braced for shifting weather*. <https://www.mckinsey.com/industries/private-capital/our-insights/global-private-markets-report>

17 McKinsey & Company. (2025, May 20). *Global private markets report 2025: Braced for shifting weather*. <https://www.mckinsey.com/industries/private-capital/our-insights/global-private-markets-report>

Private debt, too, has solidified as a core pillar of global capital markets. Despite a decline in fundraising, new-issue financing for leveraged buyouts increased in both the US and Europe. Banks are cautiously re-entering select segments, but direct private lenders continue to dominate, supported by robust investor demand for fixed-income alternatives and the security of debt's seniority in the capital stack. More than US\$620 billion in high-yield bonds and leveraged loans will mature by 2027, creating refinancing opportunities for private credit providers.¹⁸

However, the debt market could also be a destabilising fault line in global capital markets. UNCTAD estimates global public debt reached a record US\$102 trillion in 2024, but the burden on developing countries is growing twice as fast as in advanced economies.¹⁹ This is not just about the size of the debt, its cost and consequences are also related. Developing countries now borrow at rates two to four times higher than the US, and half devote at least 6.5% of export revenues to servicing external public debt.²⁰ In 2023, developing countries experienced a net resource outflow — paying US\$25 billion more to creditors than they received in new disbursements — for the second year running. Today, 61 developing countries allocate more than 10% of government revenues to interest payments, and 3.4 billion people live in countries that spend more on debt than on health or education.²¹ For many, the contest for capital is no longer about growth, but about survival.

In sum, the global capital market is now a high-stakes battleground defined by adaptability, trust, and system-level innovation. Jurisdictions that can offer regulatory stability, deep and liquid markets, and a full spectrum of public and private capital solutions will attract and retain the world's discerning investors and issuers. Those slower to evolve may be bypassed across equities, private equity, credit, and emerging asset classes.

18 McKinsey & Company. (2025, May 20). *Global private markets report 2025: Braced for shifting weather*.

<https://www.mckinsey.com/industries/private-capital/our-insights/global-private-markets-report>

19 UNCTAD. (2023). *A world of debt: A growing burden to global prosperity* (UNCTAD Global Report 2023). <https://unctad.org/publication/world-of-debt>

20 UNCTAD. (2023). *A world of debt: A growing burden to global prosperity* (UNCTAD Global Report 2023).

<https://unctad.org/publication/world-of-debt>

21 UNCTAD. (2025). *Trade and development report 2025*. UNCTAD. https://unctad.org/system/files/official-document/osgttinf2025d4_en.pdf

2.5 The intensifying race for international capital flows

The contest for capital is now multidimensional, where adaptability, innovation, and institutional trust are decisive. As global investors become more selective and capital more mobile, financial centres need extra efforts to sharpen their competitive edge and redefine their value propositions.

Asia is the crucible of competitive innovation. Chinese Mainland is deepening its domestic capital markets through the STAR Market, ChiNext, and the Beijing Stock Exchange, aligning listings with national priorities and expanding options for its tech, innovation, and growth-stage companies. Recent guidelines allowing Greater Bay Area enterprises listed on HKEX to pursue secondary listings on the Shenzhen Stock Exchange²² signal growing openness to broader issuer bases and cross-boundary connectivity. Across the region, investors are recalibrating China exposure, driving a premium on transparency, disclosure quality, and reliable cross-boundary access.

Meanwhile, other regional financial centres are sharpening differentiation to capture the next generation of capital formation. India's equity markets continue to attract record foreign inflows on the back of robust growth and rising institutional depth. At the same time, Japan, which has traditionally been conservative in market reform, has renewed its focus on enhancing market functionality and corporate governance, with Tokyo Stock Exchange reforms and government-led initiatives aiming to boost listings and shareholder engagement. Singapore, on the other hand, has experienced cyclical momentum in its pursuit of becoming a regional wealth management hub, though its capital formation footprint remains comparatively specialised. Similarly, Australia is also simplifying IPO processes and enabling greater structural flexibility.²³

Leading global markets beyond Asia are moving decisively to strengthen their competitive positions through targeted deregulation and regulatory innovation. While New York remains the anchor of global liquidity across public and private markets, with deep debt, alternatives and the secondary market. The UK's 2024 listing regime overhaul replaced its fragmented categories with a single, streamlined segment, relaxed key eligibility requirements such as the three-year track record, and adopted a more permissive stance on weighted voting rights, effectively lowering the barriers for high-growth and founder-led companies to go public.²⁴ Other European markets, such as Deutsche Boerse and Euronext, are intensifying efforts to stem the outflow of IPOs to the US. Both exchanges are rolling out initiatives to make their markets more attractive for listings of high-growth companies.²⁵ In addition, the European Union is also striving to sustain its relevance by establishing a comprehensive digital asset framework.²⁶

The landscape of private capital is now the decisive field for leading financial centres. They are competing not only for IPOs, but also for primacy as global nodes for private equity, private credit, and infrastructure capital.²⁷ The ability to offer efficient platforms for capital deployment, innovative fund structures, and robust ecosystems for operational value creation is becoming a defining source. As competition intensifies, general partners with operational depth and data science capabilities are capturing a larger market share, while capital allocators are leveraging analytics and scale to outperform.

22 中共中央辦公廳 & 國務院辦公廳. (2024, August 30). 關於深入推進深圳綜合改革試點深化改革創新擴大開放的意見 .
https://www.gov.cn/zhengce/202506/content_7027178.htm

23 Australian Securities and Investments Commission. (2025, February). ASIC clears path for faster IPOs.
<https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2025-releases/25-096mr-asic-clears-path-for-faster-ipos/>

24 FCA. (2024, July 11). PS24/6: Primary markets effectiveness review: Feedback to CP23/31 and final UK listing rules.
<https://www.fca.org.uk/publications/policy-statements/ps24-6-primary-markets-effectiveness-review-feedback-cp23-31-final-uk-listing-rules>

25 The Standard. (2025, May 14). Deutsche Boerse, Euronext step up battle against IPO flight to US.
<https://www.thestandard.com.hk/market/article/302418/Deutsche-Boerse-Euronext-step-up-battle-against-IPO-flight-to-US>

26 European Securities and Markets Authority. (2025, August 20). Markets in Crypto-Assets Regulation..
<https://www.esma.europa.eu/esmas-activities/digital-finance-and-innovation/markets-crypto-assets-regulation-mica>

27 McKinsey & Company. (2025, May 20). Global private markets report 2025: Braced for shifting weather.
<https://www.mckinsey.com/industries/private-capital/our-insights/global-private-markets-report>

New playbooks from emerging markets

Emerging markets are writing new playbooks for capital attraction. Countries such as Brazil, Vietnam, and the Philippines have attracted growing investment flows,²⁸ supported by demographic potential and digital infrastructure upgrades. Middle Eastern markets, notably Saudi Arabia and Abu Dhabi, are also strengthening their regulatory regimes to attract foreign capital. This reallocation reflects both macroeconomic opportunity and the desire for diversification and jurisdictional flexibility in an increasingly fragmented world.

Market accessibility is also being redefined in terms of geographical and trading hours in this new era of the digital market. Technological advances in infrastructure are dissolving traditional limitations imposed by time zone differences. Nasdaq's plan to move toward 24/5 trading²⁹ and the NYSE's plan to extend NYSE Arca's trading window to 22 hours per day are not region-specific initiatives³⁰—rather, they represent a structural response to the globalisation of investor participation, particularly among retail investors whose activity increasingly transcends borders. Enabling continuous trading overcomes the longstanding friction of time-zone misalignment, effectively covering key market windows across the Americas, Europe, and Asia, including the 12-hour time difference between New York and major Asian centres. These are strategic shifts that reflect the realities of a digitally interconnected capital market— one where trading never stops, data flows are uninterrupted, and access is no longer gated by geography or time.

While our attempt to categorise major themes happening across different markets is not exhaustive, the message is clear: Strategic alliances with global exchanges, such as mechanisms to facilitate cross-listings, are becoming increasingly prevalent as markets seek greater diversity, connectivity and mutual benefits. Jurisdictions that seek to be relevant must deliver a strategically aligned, innovation-compatible, and operationally efficient environment for global issuers and investors alike. In this new era, mere accumulation of capital is no longer sufficient; the decade ahead will demand bold, systemic reinvention.

28 Gregory, J. (2024, December 16). *2024: A year of change in global capital markets*. ION Markets. <https://iongroup.com/blog/markets/2024-a-year-of-change-in-global-capital-markets/>

29 Nasdaq Newsroom. (2025, June 16). *Nasdaq's view: The road to 24-hour trading*. Nasdaq. <https://www.nasdaq.com/newsroom/nasdaqs-view-road-24-hour-trading>

30 Intercontinental Exchange. (2024, November 29). *The New York Stock Exchange plans to extend weekday trading on its NYSE Arca Equities Exchange to 22 hours a day*. <https://ir.theice.com/press/news-details/2024/The-New-York-Stock-Exchange-Plans-to-Extend-Weekday-Trading-on-its-NYSE-Arca-Equities-Exchange-to-22-Hours-a-Day/default.aspx>



**Distinguishing a
world-class capital market in
the new FinTech era**

3. Distinguishing a world-class capital market in the new FinTech era?

Capital markets are the architecture through which economies turn potential into progress. They shape how capital flows, how innovation is financed, and how societies manage risk. When effective, they channel global savings into enterprise, infrastructure, and sustainable growth. In a fragmented, fast-moving world, they are critical levers of national competitiveness. As technology transforms every layer of finance, understanding what makes a market effective is essential. This section explores the principles that define leadership in today's global capital landscape and identifies Hong Kong's strategic levers through this lens.

3.1 Why does history matter for Hong Kong, now? Building on historic strengths

Every strategic decision that policymakers and leaders face today, whether concerning market structure or asset class innovation, has a precedent in past eras of transformation. All of the world's preeminent capital markets have experienced moments when new technologies, asset types, or cross-border flows forced a rethink of their models. Those that adapted with agility and vision, Amsterdam in the 1600s, New York in the early 20th century, and London during the Big Bang era, merged not just intact, but as global standard-setters. Appendix 1 to this paper distils these lessons from the evolution of the capital market. It provides evidence of how enduring principles have repeatedly determined which markets capture the next wave of global capital. By internalising these lessons as a blueprint for strategic adaptation, Hong Kong can avoid the risks of strategic drift and sustain its leadership in the global financial arena.

We must distinguish between transient trends and the foundational shifts that have redefined markets for decades. With this context, we move from the “how” of market evolution to the “what”—the essential dimensions that define a world-class capital market today and the specific imperatives for Hong Kong's continued relevance and influence.

The following criteria, grounded in best practice and the hard lessons of history, form a framework for evaluating the effectiveness and future readiness of any modern capital market. These considerations are then applied to Hong Kong in section 3.2, translating insight into actionable priorities for renewal, resilience, and sustainable growth.

3.2 The pillars of excellence: defining the effectiveness of modern capital

Assessing the effectiveness of a capital market requires a framework that goes beyond surface-level metrics. Drawing on global research, academic literature, and industry analysis, the foundations underpinning sustainable market relevance and resilience can be broadly categorised under five independent pillars: **depth and liquidity, breadth and diversity, openness and connectivity, macroeconomic stability, and technology and adaptability.**^{31, 32, 33, 34} These are not only theoretical ideals but practical principles consistently found in robust capital markets.

(i) Depth and liquidity form the essential foundation of market effectiveness

A market with genuine depth absorbs significant transaction volumes without disruptive price swings. Meanwhile, liquidity serves as a critical measure of trust and functionality, ensuring investors and issuers can enter or exit positions with minimal friction, even in periods of uncertainty.

The tangible benefits are well established. For investors, high liquidity lowers trading costs, reduces price volatility, and enables efficient price discovery. For issuers, it leads to more accurate valuations and lower capital-raising costs; for exchanges, it attracts a broader range of participants and supports sustained growth in trading activity and profitability. As highlighted in FSDC's 2022 paper on market liquidity,³⁵ the ability to facilitate large transaction volumes with minimal price impact is central to the overall attractiveness and competitiveness of capital markets. Collectively, depth and liquidity enable the core functions of capital markets — price formation, risk transfer, and capital allocation — making them both a barometer and a driver of economic vitality.

(ii) Breadth and diversity are indispensable in a world of evolving risks and opportunities

Capital markets nowadays are also characterised by their capacity to support a wide spectrum of asset classes, instruments, and participants. This diversity is not simply a matter of expanding the range of offerings; rather, it is essential for a market's ability to channel capital to emerging or priority industries and initiatives, and to respond swiftly to investor preferences.

In practice, this means supporting the orderly development of innovative products such as sustainable bonds, structured alternatives and digital assets. Also outlined in FSDC paper published in 2023,³⁶ the emergence of new financing options for small and mid-sized companies, as well as growing investor appetite for private equity and alternative assets, reflects a marked shift in how capital markets must adapt to serve both issuers and investors more holistically, while supporting home-based startups.

31 Bank for International Settlements. (2019). *Establishing viable capital markets* (CGFS Papers No. 62). <https://www.bis.org/publ/cgfs62.pdf>

32 Organisation for Economic Co-operation and Development. (n.d.). Capital markets. OECD. <https://www.oecd.org/en/topics/sub-issues/capital-markets.html>

33 European Securities and Markets Authority. (2024). Position paper: Building more effective and attractive capital markets in the EU (ESMA24-450544452-2130). https://www.esma.europa.eu/sites/default/files/2024-05/ESMA24-450544452-2130_Position_paper_Building_more_effective_and_attractive_capital_markets_in_the_EU.pdf

34 Asian Development Bank. (2024, October 31). How to build deep and liquid capital markets in Asia and the Pacific. <https://blogs.adb.org/blog/how-build-deep-and-liquid-capital-markets-asia-and-pacific>

35 FSDC. (2022, August). *Observations on Market Liquidity Enhancement (FSDC Paper No.54)*. https://www.fsd.org.hk/media/3auo4nby/up_market-liquidity-eng-final_updated.pdf

36 FSDC. (2023, August). Boosting Market Liquidity and Diversity: Enhancing Hong Kong's Competitiveness as an International Capital Formation Centre (FSDC Paper No.59).

https://www.fsd.org.hk/media/qd0agfzt/en-boosting-market-liquidity-and-diversity-enhancing-hong-kong-s-competitiveness-as-an-international-capital-formation-centre_-final.pdf

A diverse market ecosystem, while broadening investor choice, fundamentally strengthens market resilience and sustainability. A market that can facilitate the formation of capital across traditional and non-traditional asset classes is less susceptible to concentration risk. This structural diversity leads to more effective price discovery, reduces the risk of manipulation, and supports sound investor protection by diffusing liquidity across multiple segments. As the FSDC's 2023 study highlights,³⁷ fostering breadth and diversity attracts global capital and keeps the market agile and competitive in a fast-evolving financial landscape.

(iii) Openness and connectivity are now the principal conduits of global relevance

In today's digital age of markets, where cross-border capital flows are instantaneous, effectiveness is defined by how easily participants can access and interact with the global financial infrastructure. Openness — reflected in transparent rules, interoperable systems, and seamless cross-border linkages — is now a strategic necessity. When markets achieve this level of openness, they accelerate the movement of capital, ideas, and talent, allowing issuers and investors to transact, settle, and innovate with minimal friction, regardless of location.

As electronic trading and real-time data consumption scale, the need for resilient, secure, and scalable infrastructure has become clear. Modern connectivity depends on dual access points, dynamic rerouting, and multi-region data feeds to ensure uninterrupted global market access, therefore reducing systemic risk, ensuring continuity in times of stress, and supporting real-time insight across geographies and asset classes. This integration transforms markets into critical nodes within a global ecosystem, where competitive advantage is increasingly defined by the speed, reliability, and openness of their connections.

(iv) Macroeconomic stability as the foundation for sustainable market growth

Macroeconomic stability underpins sustainable capital markets development. A predictable environment — anchored by prudent fiscal policy, disciplined monetary management, and sound public finances — builds investor confidence and reduces systemic risk. This stability enables efficient capital allocation, credible price discovery, and effective risk transfer. In such conditions, market participants can make long-term decisions, issuers enjoy lower capital costs, and governments can more reliably tap markets — especially during periods of structural change or shocks.

Such stability attracts the long-term, patient capital needed to finance infrastructure, innovation, and sustainable development. Once policy credibility is established, institutional investors — such as pension funds, insurers, and sovereign wealth funds — are more likely to commit capital across extended horizons. This deep, stable funding base supports both public and private sector growth, reinforcing Hong Kong's position as a global financial hub.

³⁷ FSDC. (2023, August). Boosting Market Liquidity and Diversity: Enhancing Hong Kong's Competitiveness as an International Capital Formation Centre (FSDC Paper No.59). https://www.fsd.org.hk/media/qd0agfzt/en-boosting-market-liquidity-and-diversity-enhancing-hong-kong-s-competitiveness-as-an-international-capital-formation-centre-_final.pdf

(v) Technology and adaptability are emerging as the decisive differentiators for the decades ahead

Technological innovation is fundamentally reshaping the infrastructure, operating models and investment offerings of global capital markets. Initiatives like the transition to T+1 settlement in major jurisdictions highlight both the complexity and urgency of modernisation. While shorter cycles reduce counterparty and systemic risk, they demand fully automated, real-time integration across trading, clearing, and custody systems. Markets that fail to adapt risk being sidelined, as global capital increasingly flows toward jurisdictions with seamless and efficient post-trade environments.

In parallel, the rise of 24/7 trading — pioneered by digital asset platforms and under active consideration by leading exchanges — dissolves traditional geographic and temporal boundaries. Continuous trading enables global capital mobility and real-time responses to market events, but it also requires a cyber-secure, interoperable tech stack to support round-the-clock risk management, surveillance, and liquidity provision. Markets that thrive in this environment will be those that not only adopt new technologies but also coordinate closely with regulators and infrastructure providers, ensuring both resilience and investor protection. In this context, technology is no longer an enabler — it is the foundation of market competitiveness.

3.3 Strategic levers for Hong Kong's capital market advancement

Over the past five years, structural and external pressures have reshaped global capital markets, including Hong Kong's. Recovery from the pandemic has been uneven; global market activity has slowed amid geopolitical shifts and rising protectionism, and secondary market turnover is increasingly concentrated in a few large-cap names. Meanwhile, emerging financial centres in the Gulf, ASEAN, and North Asia are competing to become Asia's new capital formation hubs. The rise of the digital economy and tokenised assets is redefining what it means to be globally competitive.

While Hong Kong retains core institutional strengths, the global environment is becoming more fragmented, regionally focused and digital-first; Advancing beyond traditional advantages is therefore essential. A clear assessment reveals several strategic levers for Hong Kong to progress in the digital era.

Expanding issuer and sector diversity

Attracting companies in biotech, deep tech, green industries, and other digital-native enterprises will enrich the listings pipeline and attract a broader base of international investors of great potential. Hong Kong must take bold steps to establish itself as a global innovation hub, and this requires regulatory flexibility and institutional coordination to support emerging areas such as tokenised finance. As global institutions seek jurisdictions to test frontier ideas, Hong Kong has the chance to lead — by enabling innovation through strong public-private collaboration. Supporting hypergrowth companies and structuring cross-border deals will ensure its markets are equipped for scale, complexity, and next-generation enterprise needs.

Product and platform innovation

Product innovation across fixed income, derivatives, and sustainability-linked instruments will better align with evolving investor demand. Infrastructure investments present growth opportunities. Hong Kong is well-placed to be a conduit for capital supporting long-term development projects and next-generation infrastructure across the globe. In addition, advancing digital infrastructure — including tokenised platforms, smart contracts, and real-time settlement — can position Hong Kong at the forefront of next-generation capital market solutions.

Proactively developing the above areas will allow Hong Kong to strengthen its value proposition in a more competitive global landscape, as it evolves from serving primarily North–South flows between the Chinese Mainland and the world to also enabling East–West flows connecting Asia with the Middle East, Europe, and beyond. This includes deepening Southbound investor access and expanding the Connect Schemes — not just in scale and participation, but also in asset class diversity and bilateral integration.

While Hong Kong’s gateway role to China remains a core strategic pillar, its future relevance also depends on transforming into a multidirectional capital and connectivity hub. This includes introducing more RMB-linked solutions, thematic ETFs, and structured products aligned with ASEAN, MENA, and other emerging market narratives, as well as co-listing initiatives with regional exchanges. By doing so, Hong Kong can entrench its role as a diversified hub for capital allocation, price discovery, and institutional risk transfer across the evolving Eurasian financial architecture.

A strategic roadmap

The path forward requires a sequenced approach — balancing near-term tactical improvements with long-term transformation. To guide this journey, the FSDC has developed an “Altitude × Time Horizon” matrix (Figure 1), aligning short-term recovery, medium-term expansion, and long-term reinvention across multiple levels of market intervention. This model provides a unified framework for strategic development, institutional investment, and regulatory modernisation to capture opportunities brought by the digital era of markets.

Strategic matrix for Hong Kong capital markets
Altitude (X) × Time Horizon (Y) | Only substantive actions shown

	100 ft Tactical Execution	10,000 ft Ecosystem Building	30,000 ft Strategic Vision
Short-term (6–24m)	<p>Alternative Investments</p> <ul style="list-style-type: none"> Deploy targeted strategic funds Public-private investment vehicles <p><i>(engage investors, and support both the investment and intermediaries pillar)</i></p>	<p>Alternative Investments, Insurance</p> <ul style="list-style-type: none"> Pilot use case of innovative products <i>(eg. FSDC Paper 66, 69)</i> <p><i>(engage investors, and support both the investment and intermediaries pillar)</i></p> <p>Equities</p> <ul style="list-style-type: none"> Recalibrate HK listing paradigm by refining listing pathways, building on WVR regime and Chapters 18A/18C Boost secondary liquidity for small and mid-sized issuers <p><i>(to broaden issuer base and sectoral diversify)</i></p>	<p>Equities</p> <ul style="list-style-type: none"> Accelerate global champions for relisting, dual primary listing, secondary listing and HDR <p><i>(to diversify issuers and deepen intermediary capabilities)</i></p>
Medium-term (2–5y)	<p>Alternative Investments</p> <ul style="list-style-type: none"> Modernise regulatory and tax frameworks for alternative funds <p><i>(eg. FSDC Paper 69)</i></p> <p><i>(support both the investment and intermediaries pillar)</i></p>	<p>Alternative Investments, Equities, Fixed Income, Pension / Insurance Capital, Commodities</p> <ul style="list-style-type: none"> Expand Connect Schemes Develop private asset platforms Strengthening and broadening debt capital market Integrate pension and insurance capital pools Blockchain infrastructure for extended trading hours and near-real-time cross-border workflows Expand commodity offerings <p><i>(support all 4Is pillar)</i></p> <p><i>(eg. FSDC Paper 59, 68, 70)</i></p>	<p>Equities, Infrastructure Financing</p> <ul style="list-style-type: none"> Expand BRI / infrastructure project partnership frameworks, financing channels and product platforms <p><i>(support both the instruments and the issuer pillar)</i></p>
Long-term (5–10y)	<p><i>(no immediate tactical action)</i></p>	<p>Alternative Investments, Infrastructure, Tokenisation</p> <ul style="list-style-type: none"> Establish a global-standard infrastructure for digital and alternative assets <p><i>(engage investors, and support both the instruments and intermediaries pillar)</i></p>	<ul style="list-style-type: none"> Reimagine Hong Kong's position as Asia's global capital formation hub <p><i>(support all 4Is pillar)</i></p>

Source: FSDC

While Hong Kong’s unique strengths position it well to reaffirm its role as a global financial centre, delivering this strategic agenda will require tightly coordinated action across government, regulators, exchanges, and market participants, with aligned incentives and a strong focus on institutional capacity building — areas further detailed in Section 7.

To support the collective approach, Section 4 outlines the foundational enablers of future resilience and scalability, including cross-border access, tokenised infrastructure, and near real-time settlement. These are not standalone upgrades but interconnected systems that shape trust, responsiveness, and efficiency. Section 5 then shifts focus from infrastructure to influence — evaluating Hong Kong's position across key asset classes through five defining capital market attributes: depth, breadth, openness, stability, and adaptability.

Together, these sections connect strategy to execution, ensuring that Hong Kong's market development rests on robust regulatory, operational, and technological foundations.



**Solidifying the foundations of
post-trade excellence for
global capital flows**

4. Solidifying the foundations of post-trade excellence for global capital flows

As capital markets evolve into integrated ecosystems spanning public and private assets, across currencies and jurisdictions, post-trade infrastructure has evolved from operational “plumbing” to a strategic lever underpinning investor trust, efficiency, and sustainable capital formation. For Hong Kong to realise its ambition as a capital nexus, where capital moves frictionlessly, innovation is financed without borders, and digital assets develop, its clearing, settlement, and collateral systems must not only be modernised but reimagined for scale, interoperability and future readiness.

4.1 Hong Kong's architecture of access

Central Moneymarkets Unit OmniClear: blueprint leadership in bond market infrastructure

In the fixed income sector, the CMU has emerged as a model of targeted innovation. It has strengthened connectivity with both the Chinese Mainland and global International Central Securities Depositories (ICSDs), such as Euroclear and Clearstream. This has allowed Hong Kong to capture 55% of foreign investor activity in China's interbank bond market through Northbound Bond Connect in 2024 alone.³⁸

As highlighted in Policy Address 2025, the CMU is driving greater interplay across mutual-market access schemes, expanding international links — reinforcing the city's leadership in fixed-income infrastructure and advancing the global role of RMB assets. A pivotal advancement towards this in 2025 is the partnership between CMU OmniClear, HKMA, and HKEX, with HKEX investing in and acquiring a 20% stake in CMU OmniClear Holdings, while the Exchange Fund, managed by the HKMA retains 80%. This strategic investment is set to accelerate CMU's evolution from a fixed-income-centric depository into a multi-asset class platform, expanding its post-trade capabilities across both debt and equity markets. By broadening investor services, diversifying asset coverage, and enhancing collateral management, the partnership will drive cross-asset efficiency and enable more sophisticated investment and risk management solutions. Ultimately, these advances will reinforce Hong Kong's global leadership as an integrated fundraising, risk management, and offshore RMB centre.³⁹ In addition, the MoU with LCH Limited, a business under LSEG, strengthens the city's position as a clearing and settlement hub for derivatives denominated in offshore RMB (CNH) and other major currencies.⁴⁰

These collaborations address historical constraints, such as manual corporate actions and limited repo access for non-banks, by introducing automated, multi-currency platforms. CMU's approach underscores that connectivity and risk management are critical success factors for the clearing and settlement system. Its real-time Delivery versus Payment (DVP) mechanisms ensure settlement finality and minimise counterparty risk. Flexible settlement cycles — negotiable for different fixed-income products, ranging from T+0 to T+3/T+N⁴¹ for Bond Connect trades, provide market participants with the customisation options, while electronic terminals maintain transparency.^{42, 43, 44}

38 HKMA. (2025, March). *The Hong Kong bond market in 2024*. HKMA Quarterly Bulletin.

<https://www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb202503/fa1.pdf>

39 CMU OmniClear. (2025, Nov). CMU OmniClear, HKMA and HKEX deepen strategic partnership in enhancing post-trade securities infrastructure of Hong Kong's capital markets. <https://www.cmu.org.hk/en/news-and-events/id/3440>

40 CMU OmniClear. (2025, June,9). *CMU OmniClear and LCH sign MOU*. <https://www.cmu.org.hk/en/news-and-events/id/3278>

41 Northbound Bond Connect settlement cycle: Ranged from T+0, T+1, T+2 or T+3 and T+N where N is any number of days supported by the relevant Mainland CSDs; Southbound Bond Connect Settlement cycle: Ranged from T+1, T+2, T+3 and T+N where N is any number of days supported by the relevant Mainland CSDs.

42 Clearstream (n.d.). *Settlement process — Hong Kong*.

<https://www.clearstream.com/clearstream-en/securities-services/market-coverage/asia-pacific/hong-kong/settlement-process-hong-kong-1281186>

43 Bond Connect (n.d.). *Trading Mechanism*. <https://www.chinabondconnect.com/en/Northbound/Trading-And-Settlement/Trading-Mechanism.html>

44 CMU. (n.d.). *Southbound Bond Connect*. <https://www.cmu.org.hk/en/bond-connect-southbound>

Digital transformation is a pivotal enabler. The linkage of the CMU to a distributed ledger technology (DLT) platform has enabled access to tokenised bonds through traditional market infrastructure in Hong Kong, including those issued by the HKSAR Government, as well as subsequent issuances by several corporates. Tokenisation holds the potential to enable automation of processes through smart contracts, reducing operational errors and enhancing efficiency. For issuers, these enhancements have the potential to lower funding costs and expand access to global capital. For investors, they may contribute to heightened liquidity and reduced counterparty risk. The CMU experience highlights the potential for cross-pollination of best practices across asset types.

Equities and CCASS: Seamless integration amid global dynamics

In equities, the Central Clearing and Settlement System (CCASS), operated by Hong Kong Securities Clearing Company, plays a similarly foundational role. CCASS provides centralised clearing for trades on the HKEX, supporting over 2,600 companies and achieving an average daily turnover of HK\$240.2 billion in Cash Market in the first half of 2025.⁴⁵ Its Continuous Net Settlement system achieved over 98% monthly netting efficiency for stock transactions in the first five months of 2025, while its DVP Model 2 ensures gross settlement of securities and net settlement of funds on T+2.⁴⁶

However, the demand for modernisation is clear as global settlement cycles are also accelerating. The US migrated to T+1 settlement for securities in May 2024,⁴⁷ reducing counterparty risk and margin requirements. Europe and the UK are set to follow by October 2027,^{48,49} and India has moved to T+1 with voluntary pilots for T+0.⁵⁰ By 2027, nearly 88% of global equity trade value is expected to be on T+1 or faster cycles.⁵¹

HKEX's July 2025 consultation on T+1 stresses the need for alignment with the Chinese Mainland and market readiness. The discussion outlines clear benefits, including reduced market and systemic risk, increased capital efficiency through faster fund availability, and better alignment with global capital flow.⁵² Mainland Chinese investors participating through Southbound Stock Connect, accounting for 23% of Hong Kong's market turnover in 1H 2025, would also benefit from alignment with its onshore equities market settlement cycle.⁵³

The transition, however, is complex. It requires coordinated upgrades across the entire value chain, including brokers, custodians, asset managers, and settlement banks. While HKEX's Orion Cash platform will be technically ready to support T+1 by the end of 2025, full implementation depends on stakeholder alignment and investment in new workflows and technologies.

45 HKEX (2025, July). *Discussion Paper — Accelerated Settlement for the Hong Kong Cash Market*.

[https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-\(cover\).pdf](https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-(cover).pdf)

46 HKEX (2025, July). *Discussion Paper — Accelerated Settlement for the Hong Kong Cash Market*.

[https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-\(cover\).pdf](https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-(cover).pdf)

47 SFC (2024, March 27). *Circular to licensed corporations and management companies of SFC-authorized funds — Shortening of the US securities transaction settlement cycle to T+1*. <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/intermediaries/supervision/doc?refNo=24EC17>

48 ESMA (2024, November 18). *ESMA proposes to move to T+1 by October 2027*.

<https://www.esma.europa.eu/press-news/esma-news/esma-proposes-move-t1-october-2027>

49 HM Treasury (2025, February 6). *Accelerated settlement (T+1)*. Gov.UK. <https://www.gov.uk/government/publications/accelerated-settlement-t1>

50 Citi. (2025, April 24). *Navigating India's T+0*. <https://www.citigroup.com/global/insights/navigating-india-t-0>

51 HKEX. (2025, July 16). HKEX publishes discussion paper on accelerated settlement for the Hong Kong cash market [Press release].

https://www.hkex.com.hk/News/Market-Communications/2025/250716news?sc_lang=en

52 HKEX (2025, July). *Discussion Paper — Accelerated Settlement for the Hong Kong Cash Market*.

[https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-\(cover\).pdf](https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-(cover).pdf)

53 HKEX (2025, July). *Discussion Paper — Accelerated Settlement for the Hong Kong Cash Market*.

[https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-\(cover\).pdf](https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-(cover).pdf)

Market participants may need to review internal processes and adopt automation tools to meet the demands of a shortened settlement timeline. As major markets have already implemented T+1 or announced concrete transition dates, Hong Kong must accelerate its planning and commit to a clear, industry-wide timeline. Although the transition will be a multi-year journey, establishing a firm roadmap now is essential to give stakeholders adequate time to prepare.

Stock Connect: Mastering cross-border complexity

The Stock Connect scheme highlights the opportunities and complexities of post-trade integration, which differ from the standard T+2 settlement cycle in the Hong Kong Cash Market. Under Northbound trading, A-share transactions follow a distinct settlement timeline — T+0 for securities and T+1 for money — whereas Southbound trading adheres to a T+2 settlement cycle in HKD, but is expected to move in tandem with any local shift to T+1.⁵⁴ This dual structure relies on separate clearinghouses (CCASS and ChinaClear), implying no atomic delivery-versus-payment. Issuers benefit from broader investor reach, but face challenges in coordinating corporate actions, while investors are subject to pre-trade checks (e.g., Special Segregated Accounts) and FX risks, especially given the 12–13 hour time zone difference with Western markets.

With global settlement cycles accelerating, FX settlement windows are compressing, and greater automation would be needed. While neither HKEX nor the exchanges impose explicit FX transaction fees under Stock Connect, investors often incur indirect costs stemming from currency conversions. In Northbound flows, Hong Kong-based investors must convert HKD or USD into RMB offshore before trading A-shares, absorbing FX spreads, conversion fees, and rate fluctuation risks. In Southbound flows, Mainland investors execute trades in HKD but settle in RMB, requiring RMB-HKD conversions at either the clearing or intermediary level. These conversions introduce hidden costs, particularly in volatile or low-liquidity environments.

The HKD-RMB Dual Counter model, launched in June 2023, aims to reduce this friction by allowing eligible Hong Kong-listed stocks to be traded and settled in both currencies. Market makers help maintain price alignment across counters, while the infrastructure enables investors to settle directly in RMB, reducing reliance on FX conversion. However, as of late 2025, RMB counters have not yet been integrated into Southbound Stock Connect, and liquidity remains concentrated in the HKD leg. Until full integration occurs, the model's benefits remain limited, though its potential to reduce FX exposure and improve Southbound efficiency is clear.

Furthermore, any expansion of Connect schemes — such as collaborations with other global exchanges, which will be discussed in subsequent sections, and the introduction of block trading announced in 2023—will require harmonisation of settlement cycles and currency frameworks. This may involve more complex foreign exchange and liquidity arrangements. To ensure successful implementation, these developments should be guided by a clear direction and supported by robust cross-market collaboration.

⁵⁴ HKEX (2025, July). Discussion Paper — Accelerated Settlement for the Hong Kong Cash Market. [https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-\(cover\).pdf](https://www.hkex.com.hk/-/media/HKEX-Market/News/News-Release/2025/250716news/HKEX-Accelerated-Settlement-Paper-2025-v10-EN-(cover).pdf)

4.2 Digital transformation: leaping into the future of market operations

HKEX is actively pursuing digital and operational upgrades. Its Orion Cash Platform is modernising cash market infrastructure,⁵⁵ while HKEX Synapse, a blockchain-based solution introduced in 2023, enhances real-time post-trade status for Northbound Stock Connect. Although Synapse currently lacks atomic DvP or a unified central counterparty, it marks an important shift toward real-time, automated settlement. Meanwhile, the mBridge project, developed jointly by the HKMA and others, explores cross-border CBDC settlement. In 2021, HKEX participated in the mBridge use case to explore how FX spot, futures, and OTC derivatives can be settled using CBDC. The project aims to enhance FX price discovery, liquidity sourcing, and settlement efficiency, offering a glimpse into how digital assets might be integrated into mainstream clearing systems.⁵⁶

Hong Kong's post-trade evolution is a question of strategic alignment and differentiation. Hong Kong must ensure its infrastructure is future-ready: capable of supporting multi-currency, multi-asset, and cross-border activities at scale through globally connected, digitally enabled and increasingly automated clearing and settlement systems. The CMU's development has shown what is possible when innovation, regulatory coordination, and global connectivity converge. The challenge now is to extend that progress across equities, derivatives, digital assets and beyond — ensuring Hong Kong's post-trade architecture is efficient and internationally aligned. The high-level direction is mentioned in the HKMA and SFC's Roadmap for the Development of Fixed Income and Currency Markets (FIC Roadmap) published in September 2025,⁵⁷ highlighting CMU's plans to explore advanced technologies for further modernisation.

This evolution will strengthen the Connect infrastructure between the Mainland and Hong Kong — the world's only real-time bridge between global liquidity and Chinese opportunity — and further solidify Hong Kong's role as a trusted and essential node in the global capital market system.

55 HKEX. (2024, December 12). *HKEX to introduce new post-trade services on Orion Cash Platform* [Press release]. https://www.hkex.com.hk/News/News-Release/2024/2412122news?sc_lang=en

56 HKEX. (2021, November). *HKEX's proof-of-concept use case for HKMA's mBridge project*. https://www.hkex.com.hk/-/media/HKEX-Market/News/Media-Centre/Special/mBridge/HKEX_mBridge.pdf

57 HKMA, SFC. (2025, Sep). *Roadmap for the Development of Fixed Income and Currency Markets*. <https://www.sfc.hk/-/media/EN/files/ER/FIC/FIC-Roadmap-Booklet-ENG.pdf?rev=42d511eb7090479190cf681636a19255&hash=2B589715BC24A6F33C83CF45898E5341>



Hong Kong's evolving strategic role

5. Hong Kong's evolving strategic role

Hong Kong's traditional role as a global financial bridge remains a core strength. Yet the dynamics of capital markets have shifted. Investors demand greater transparency, speed, and access to a broader set of instruments. Issuers seek platforms that support innovation, scale, and long-term growth. In this environment, relevance is increased through adaptability and vision. **Hong Kong's role can develop further from connecting flows to shaping them — by building a capital platform that serves next-generation issuers, global allocators, and multi-asset and multi-currency strategies.** The following sections explore how this transformation is already underway — and where it can go next.

5.1 Equity markets and innovative listings: accelerating growth engines

Over the past decade, HKEX has actively adapted its platform in response to changes in the way capital is raised, allocated, and regulated. A series of landmark listing reforms and infrastructure upgrades, outlined in Appendix 2, have broadened the Exchange's strategic relevance, signalling a deliberate transition from a transactional gateway to a structurally modernised, digitally enabled and future-ready capital platform. However, as external dynamics continue to evolve, so too must Hong Kong's strategic posture.

As discussed in previous sections, Hong Kong's capital market is showing signs of recovery, with improved sentiment and a gradually more diverse range of issuer base. There is also a particular momentum among companies from Southeast Asia and the Middle East, drawn by Hong Kong's deep liquidity, cross-border investor base, and growing appeal as a secondary listing venue. Notably, the early-stage pipeline features a new generation of tech and energy innovators — firms that are digital-native, IP-driven, and globally ambitious. These companies, often pre-profit, asset-light, operate in emerging sectors such as AI, biotech, clean energy, and platform infrastructure. This signals that Hong Kong is entering a new phase of capital formation, shaped less by geography and more by strategic alignment and platform credibility.

The city's continued success will depend on its ability to adapt to the changing needs of this new generation of issuers and investors. Their expectations, ranging from faster listing timelines and regulatory transparency to sustained liquidity and valuation support, reflect a shift in what defines a competitive listing venue; market participants increasingly prioritise platforms that offer agility, clarity, and post-listing support — qualities that are becoming as valuable as access to capital itself. Hong Kong now competes on multiple fronts, bringing together scale, innovation alignment, ecosystem compatibility, and investor confidence. For instance, the Policy Address and the Hong Kong Information and Technology Development Blueprint,⁵⁸ emphasising web3, blockchain and AI, further reinforce Hong Kong's ambition to be a global innovation and technology hub supported by a strong financing pillar. These efforts illustrate its strategic intent to enable the digital economy and support the next wave of industry leaders.

In this context, Hong Kong's opportunity lies not in preserving its historic role as a gateway, but in scaling a next-generation platform — one that is globally connected, technologically sophisticated, and strategically aligned with the capital formation needs of tomorrow. Initiatives like the upcoming T+1-ready Orion Cash Platform demonstrate meaningful progress in aligning with global standards and issuer expectations.⁵⁹ Nonetheless, there remains considerable scope to build on this foundation and further enhance Hong Kong's position as a leading capital market for the next era.

⁵⁸ ITIB (2022). *Hong Kong Innovation and Technology Development Blueprint*.

https://www.itib.gov.hk/en/publications/I&T%20Blueprint%20Book_EN_single_Digital.pdf

⁵⁹ HKEX. (2024, December 12). *HKEX to introduce new post-trade services on Orion Cash Platform* [Press release]

https://www.hkex.com.hk/News/News-Release/2024/2412122news?sc_lang=en

5.2 Scaling depth and liquidity in fixed income markets

Hong Kong's debt capital market has evolved from a secondary complement to its equity platform into a central pillar of the city's financial system. Today, it is widely recognised as Asia's most versatile hub for cross-border, multi-currency, and sustainable debt issuance. This reflects not only institutional strength and macroeconomic stability but also Hong Kong's ability to lead through geopolitical, technological, and regulatory transitions.

Despite global uncertainty, 2024 marked renewed momentum in Hong Kong's bond market. HKD-denominated issuance rose 8.8% to HK\$1.03 trillion (US\$132.9 billion), while CNH issuance surged 36.7% to RMB1.07 trillion,⁶⁰ reinforcing the city's position as the world's largest offshore RMB bond market. These flows reflect enduring investor confidence in Hong Kong's legal framework, currency convertibility, and post-trade efficiency.

The city remains Asia's leading centre for international bond arrangements, with US\$131.6 billion of Asian international bonds arranged in 2024—about 30% of the market total.⁶¹ Its G3 bond issuance rebounded to US\$80.8 billion in 2024, up 54% year-on-year, driven largely by renewed activity from Mainland issuers. The total outstanding G3 bond stock reached US\$565.6 billion,⁶² underscoring the city's integration within global capital flows.

Its leadership in sustainable finance is no longer aspirational but measurable. In 2024, Hong Kong arranged US\$43.1 billion in green and sustainable bonds, representing 45% of the Asian total, alongside US\$41.3 billion in green and sustainable loans.⁶³ More than 80% of green and sustainable bond arranged in Hong Kong originated from non-government entities, including financial institutions, real estate firms, and other corporates.⁶⁴ The shift signifies growing confidence in Hong Kong's ESG disclosure standards, second-party opinion ecosystem, and grant schemes.

Innovation is now entrenched in the market's DNA. Building on the world's first tokenised government green bond in 2023 and the first multi-currency digital bond in 2024, Hong Kong has set a new global benchmark with its third digital green bond issuance in 2025. It marked the first-ever integration of tokenised central bank money, e-HKD and e-CNY, for settlement. The offering also attracted a substantial number of first-time investors in digital bonds, further deepening market liquidity.⁶⁵ In 2025, Initiatives like the Digital Bond Grant Scheme and the knowledge repository EvergreenHub,⁶⁶ have catalysed a pipeline of private sector digital issuances. As tokenised finance develops, expanding the range of tokenised investment products will be essential to deepen tokenised market liquidity. Given the rising demand for RMB-denominated assets, increasing RMB fixed income products in the tokenised spectrum could be a natural next step. This would not only meet investor appetite for diversification but also deepen liquidity, enhance price transparency, and drive broader innovation and integration across both traditional and digital capital markets.

60 HKMA. (2025, March). *The Hong Kong bond market in 2024*. HKMA Quarterly Bulletin.

<https://www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb202503/fa1.pdf>

61 HKMA. (2025). International Financial Centre.

https://www.hkma.gov.hk/media/eng/publication-and-research/annual-report/2024/16_International_Financial_Centre.pdf

62 HKMA. (2025, March). *The Hong Kong bond market in 2024*. HKMA Quarterly Bulletin.

<https://www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb202503/fa1.pdf>

63 HKMA. (2024). *Enhancing the green and sustainable finance ecosystem*. HKMA Sustainability report 2024.

https://www.hkma.gov.hk/media/eng/publication-and-research/sustainability-report/2024/5_Enhancing-the-Green-and-Sustainable-Finance-Ecosystem.pdf

64 HKMA. (2024). *The Hong Kong Bond Market in 2024*. <https://www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb202503/fa1.pdf>

65 HKMA. (2025, Nov). HKSAR Government's Third Digital Green Bonds Offering.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/11/20251111-6/>

66 HKMA. (n.d). *EvergreenHub: Navigating bond tokenisation — Digital bond knowledge repository*.

<https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/bond-market-development/digital-bond-knowledge-repository/>

Relatedly, securitisation and structured finance represent significant areas of untapped potential within Hong Kong's evolving debt market landscape. Although the Chinese Mainland has become the world's second-largest bond market, the securitisation volumes remain relatively modest at RMB1.98 trillion (US\$271 billion) in 2024,⁶⁷ compared to the overall market and global benchmarks. Offshore investor participation remains largely concentrated in government and policy bank bonds.⁶⁸ Against this backdrop, Hong Kong is well-positioned to serve as a conduit for international capital seeking exposure to securitised products backed by Chinese and regional assets, particularly as global demand grows for diversified yield and risk transfer mechanisms.

By advancing its structured finance capabilities — including cross-border securitisation and asset-backed products — Hong Kong can unlock new funding channels for infrastructure, SMEs, and sustainable projects across Asia, Belt and Road economies and other potential emerging markets. Deepening market resilience while extending the city's leadership beyond conventional debt issuance.

Strengths of infrastructure

Hong Kong's infrastructure continues to set it apart. Through Bond Connect, Dim Sum bonds, and omniscurrency settlement systems, it enables efficient two-way flows between China and international markets. In 2024, Northbound Bond Connect accounted for 55% of all foreign activity in China's interbank bond market, with daily turnover averaging RMB41.7 billion. Enhancements to Southbound Bond Connect — including multicurrency settlement (RMB, HKD, USD, EUR) and expansion of investor scope are expanding investor access and facilitating Mainland investors' more seamless investment in offshore bonds. Concurrently, the commercialisation of the CMU and new CSD linkages are reinforcing Hong Kong's role as a global bond custody and distribution hub. Policy momentum is strong as shown in the FIC Roadmap, with directions aiming to enhance financial infrastructure, including cross-collateralisation of assets, the promotion of a commercial repo market — all designed to deepen liquidity, foster new connections with global markets, and expand the use cases for RMB assets.⁶⁹ Underlying this infrastructure is a macroeconomic foundation few can match. Hong Kong maintains a strong credit rating, unrestricted capital flow, substantial FX reserves, and a conservative fiscal framework, while the Linked Exchange Rate System continues to serve as an important anchor of financial and monetary stability.

Looking ahead, expanding and diversifying both the issuer and investor base will be critical. Hong Kong's commitment to further strengthening its role as a fixed income and currency hub is evident in the FIC Roadmap jointly launched by the SFC and the HKMA. It was formulated in consultation with market participants, setting out 10 initiatives across four pillars to guide the policy making and implementation to position Hong Kong as a global FIC hub by fostering demand, liquidity and innovation. The four pillars include boosting issuance in the primary market, enhancing liquidity in the secondary market, expanding offshore RMB business and next-generation infrastructure.⁷⁰

Future growth will depend on attracting infrastructure developers, new economy corporates, regional sovereigns, and issuers of structured or private credit instruments. By leveraging its strengths in market depth, connectivity, and innovation — and by addressing emerging challenges — Hong Kong can reinforce its position as the region's leading platform for internationally integrated, next-generation debt solutions.

67 Asia-Pacific Structured Finance Association

68 Asia-Pacific Structured Finance Association

69 HKSAR Government. (2025). 2025 Policy Address. <https://www.policyaddress.gov.hk/2025/en/p94.html>

70 SFC. (2024). Roadmap for the development of fixed income and currency markets.

<https://www.sfc.hk/-/media/EN/files/ER/FIC/FIC-Roadmap-Booklet-ENG.pdf?rev=42d511eb7090479190cf681636a19255&hash=2B589715BC24A6F33C83CF45898E5341>

5.3 Beyond the norm: Unlocking alternative assets and private capital

As the allocation of global capital continues to evolve, the rise of alternative assets is reshaping the contours of modern financial markets. In Hong Kong, this shift is reinforcing the city's position as a leading asset and wealth management hub in Asia, diversifying the investment landscape for private capital.

By end-2024, Hong Kong's asset and wealth management sector managed over HKD 35.1 trillion (US\$ 4.53 trillion) in assets and notably, 65% of these assets originated from overseas, demonstrating the city's enduring international appeal and global reach.⁷¹ This strength in the AWM sector provides a critical foundation for expanding private capital markets, as institutional and high-net-worth investors and family offices increasingly seek exposure to alternative assets and private markets for enhanced returns, diversification, and long-term value.

Hong Kong is well-positioned in this landscape, ranking second in Asia with PE AUM at US\$229 billion as of 2024.⁷² The city is home to over 650 PE and VC firms, and more than 2,700 single-family offices⁷³ —supported through introducing frameworks for innovative structures such as Open-ended Fund Companies (OFCs) and Limited Partnership Funds (LPFs), streamlining the establishment and operation of new funds, and enhancing Hong Kong's competitiveness as a domicile for private funds.

Synergising public markets with a thriving innovation ecosystem

As highlighted in the FSDC's June 2025 research, a robust private market ecosystem is a strategic complement for public markets. These alternative assets are not only broadening the spectrum of investable opportunities but also unlocking critical sources of capital that can be channelled directly into the real economy.

By offering capital at earlier stages of the business lifecycle, private markets enable companies to build scale, validate technologies, and prepare for future public offerings. This creates a continuum pipeline that allows founders and key management of businesses to grow without the need to consider relocating to other markets, offering incentives, or exiting prematurely, helping Hong Kong retain entrepreneurial talent and value creation within its boundaries. The case for developing a robust private market ecosystem is therefore compelling. This synergy is especially important as **startups and tech ventures** increasingly stay private for longer, relying on private capital to finance research and development (R&D), product development, and international expansion.

Moreover, a thriving private market ecosystem creates powerful ripple effects. Successful founders and fund managers often reinvest capital, expertise, and networks locally, fostering a self-reinforcing cycle of innovation and investment. Over time, this deepens sectoral knowledge, strengthens investor sophistication, and builds a more resilient and competitive financial system.

As Hong Kong aspires to strengthen its dual identity as a global financial centre and a regional innovation and technology powerhouse, the case for accelerating private market development is compelling. A more mature and inclusive private capital landscape will not only support home-based ventures in scaling globally — it will also reinforce Hong Kong's position as an international hub where finance and innovation converge.

71 SFC. (2025, July 16). [Press release] Hong Kong's AUM grew 13% with 81% increase in fund inflows: SFC's 2024 survey on asset and wealth management business.

<https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=25PR112>

72 SFC. (2025, July). Asset and Wealth Management Activities Survey 2024.

https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/EN_AWMAS-2024.pdf

73 HKSAR Government (2025, October 28). SFST's speech at AIMA APAC Annual Forum 2025 (English only).

<https://www.info.gov.hk/gia/general/202510/28/P2025102800225.htm>

Private credit: The next strategic accelerator

Among alternative assets, private credit is emerging as a key growth engine. In Asia, PC assets under management stood at just US\$90 billion in 2024—only 10% the size of the US market and 30% that of Europe — with banks still supplying 75% of corporate credit across the region.⁷⁴ As global banks retreat from higher-risk lending, PC funds are filling critical financing gaps, particularly for SMEs, high-growth ventures, and special situation financing. Private credit's flexibility — whether through structured loans, venture debt, or bridge financing — makes it an effective stabiliser during market stress, as seen during the COVID-19 crisis.

For Hong Kong, private credit holds strategic relevance in diversifying the corporate funding mix, expanding access to capital for underserved firms, and reducing systemic dependence on bank lending. Yet, its PC growth is constrained by regulatory ambiguity, limited investor familiarity, and competition from more mature overseas markets. Addressing these barriers, as highlighted in the FSDC report published in mid-2025,⁷⁵ through clearer regulatory guidelines, investor education, and alignment with global disclosure standards, scaling this asset class and unlocking its full economic potential will be essential.

Hedge funds as liquidity and diversification amplifiers

Hedge funds can offer distinct value to Hong Kong's alternative asset mix. Empirically, certain hedge fund strategies exhibit lower correlations with traditional beta and, at times, counter-cyclical characteristics, features that may help mitigate drawdowns and smooth return profiles for patient capital such as endowments, sovereign wealth funds, insurers and private wealth investors. A deeper hedge fund base would enhance the city's diversification toolkit while anchoring sophisticated risk management talent and infrastructure.

Strategy diversity also strengthens market quality. High-frequency and low-latency hedge funds contribute measurable intraday liquidity, narrower bid-ask spreads, and faster price discovery across equities, futures, and increasingly fixed income and FX. As Hong Kong advances next-generation FIC infrastructure (e.g., electronic trading venues, interoperable post-trade, and tokenised instruments), calibrated access for quantitative and systematic hedge funds, paired with best-execution standards and resilient market-making frameworks, can deepen continuous liquidity without compromising market integrity. Over time, this can support tighter financing conditions for issuers, more efficient hedging for asset owners, and a stronger data-and-analytics ecosystem that compounds Hong Kong's edge as a full-stack, multi-asset hub.

Turning strength into scale: Operationalising competitive advantage

Despite its mature infrastructure and policy support, Hong Kong's domestic participation in private funds remains limited, and international capital often bypasses the city in favour of larger, more vibrant innovation ecosystems in the US, Chinese Mainland, or Singapore. The result is a funding imbalance: while growth capital for established firms is abundant, early-stage and risk capital for startups, especially in high-capital sectors such as biotech and AI, remain in short supply. In 2023, seed and early-stage investments accounted for just 12% of all VC flows in Hong Kong,⁷⁶ underscoring a “valley of death” that constrains the ability of local startups to scale and commercialise breakthrough innovations, especially in high-capital sectors like biotech and artificial intelligence.

Alternative assets and private capital are becoming a key component in modern capital formation. For Hong Kong, embracing this shift is a natural extension of its financial leadership and a strategic imperative for future-proofing its economy. By unlocking the full potential of private markets, Hong Kong can build a financial ecosystem that sustains its global relevance while delivering tangible economic value at home.

⁷⁴ Singularity Capital & AIMA

⁷⁵ FSDC (2025, June). Fuelling Startup Success: Attracting and Cultivating Home-based Alternative Investment Funds (FSDC Paper No. 69). https://www.fsd.org.hk/media/0swjagjk/fsdc_69_fuelling-startup-success-attracting-and-cultivating-home-based-alternative-investment-funds.pdf

⁷⁶ Deloitte China. (2023, January 24). *Hong Kong technology fast: Turning innovations into wealth*. Deloitte.

<https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/technology-media-telecommunications/deloitte-cn-hktf-2023-turning-innovations-into-wealth-en-240123.pdf>



Connectivity as Hong Kong's strategic multiplier

6. Connectivity as Hong Kong's strategic multiplier

Connectivity is now the foundation of a modern capital market. It links funding pathways, accelerates capital formation, and expands access while maintaining transparency and trust. For Hong Kong, the strategic imperative is to transform connectivity into a competitive advantage: enabling simple cross-border and cross-platform participation, timely information flow, and rapid capital movement, all without weakening safeguards. The sections that follow explore what this requires, why it matters to today's market participants, how Hong Kong can implement it, and the outcomes it can expect — stronger structures, clearer signals, and scalable capital movement.

6.1 Redefining connectivity for innovation-led growth

As capital markets evolve, the ability to attract and retain innovation-led issuers has become a defining marker of financial centre competitiveness. This trend is accelerating globally. The European Union, for example, is advancing its Listing Act to unlock up to €45 billion in private capital for deep tech scale-ups, including provisions for dual-class share structures to help founders retain control.⁷⁷

In recent years, the adoption of dual-class and weighted voting rights (WVR) structures has grown across major markets. In the US, over 40% of tech IPOs since 2020 have employed dual-class share structures.⁷⁸ Other jurisdictions have also updated their frameworks to align with the needs of high-growth issuers, reflecting a clear shift toward accommodating innovation-driven enterprises. (See Appendix 4 for details)

These reforms are shaped by a new generation of companies — digital-first, IP-rich, and often pre-profit — operating in fast-evolving sectors such as AI, biotech, advanced manufacturing, climate tech, and fintech. When successful, they scale rapidly and require agile, responsive capital markets. Among them, fintech firms are increasingly seeking public listings, prompting exchanges to reassess how listing regimes meet the financing and governance needs of such issuers.⁷⁹

Despite some volatility, investor appetite for innovation remains strong. According to a report on global IPO data, tech IPO proceeds globally declined 23% in 2024 to US\$23.6 billion, yet the final quarter saw a 153% sequential rebound, signalling renewed interest.⁸⁰ Health and life sciences IPOs demonstrated particular resilience, with 139 listings raising US\$17.1 billion — a 37% increase in value. Looking ahead, it is projected that more than half of the expected 2025 IPO pipeline will come from TMT, industrials, and health sciences.⁸¹

77 Bloomberg News. (2025, June 18). *Crypto, AI czar David Sacks says China is at most 2 years behind US on chips*. <https://www.bloomberg.com/news/articles/2025-06-18/trump-adviser-david-sacks-says-china-adept-at-evading-chip-curbs>

78 Ritter, J. R. (updated 2025). *Initial public offerings: Updated statistics*. Table 23, PDF p. 83.90. Warrington College of Business, University of Florida. Retrieved June 21, 2025 from <https://site.warrington.ufl.edu/ritter/files/IPO-Statistics>

79 Boston Consulting Group, & QED Investors. (2024, June). *Global fintech 2024: Prudence, profits, and growth* (2nd ed.). <https://web-assets.bcg.com/a9/4e/eeb7ae814bfb98d918fac0fcc4ce/2024-fintech-report-june-2024-edit-03.pdf>

80 EY. (2024, December). *Global IPO trends 2024*. EY. <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/ipo/documents/ey-gl-ipo-trends-v1-12-2024.pdf>

81 EY. (2024, December). *Global IPO trends 2024*. EY. <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/ipo/documents/ey-gl-ipo-trends-v1-12-2024.pdf>

Platform for innovative companies

For Hong Kong, relevance in this evolving landscape hinges on more than access — it requires a credible platform that supports the full lifecycle of innovation-led companies. In an environment where deep private capital competes with public markets, exchanges must offer more than optionality; they must deliver clear value. The FSDC has remained steadfast in this strategic direction. Since its 2018 response to the HKEX consultation on emerging and innovative companies, the FSDC has supported reforms to accommodate pre-revenue and IP-rich firms.⁸² In 2020, it also endorsed the inclusion of corporate WVR beneficiaries — with safeguards — to attract high-growth issuers integral to innovation ecosystems.⁸³ And in 2022, the FSDC called for broader listing access, more flexible ownership structures, and listing frameworks that recognise intangible value.⁸⁴

Hong Kong's regulatory evolution reflects this commitment. The introduction of WVR and the biotech-focused Chapter 18A in 2018 were followed by the Specialist Technology Chapter (18C) in 2023. Most recently, the Technology Enterprises Channel (TECH) was launched in May 2025 to provide specialist tech and biotech companies with early and tailored guidance on the related listing requirements prior to formal application and permit them to submit their application proof confidentially, thereby improving visibility and reducing friction for R&D-intensive issuers.⁸⁵

Capturing innovation-led growth also requires strategic alignment with emerging capital formation trends. Deep tech now accounts for around 20% of global venture funding, doubling over the past decade,⁸⁶ reflecting a decisive shift in global investment priorities toward science-based innovation. These ventures, grounded in advanced engineering or scientific discovery, are often misperceived as higher risk. However, data shows that once early-stage R&D hurdles are overcome, deep tech startups have graduation rates comparable to those in traditional tech.⁸⁷

In addition, under the current Hong Kong listing practice, digital asset holdings are generally treated as intangible assets and are not recognised as a distinct, regulator-endorsed reserve class; as the Web3 market development continues to advance, clarity on recognition and disclosure of such holdings will be an important area to monitor.

These underscore the importance of listing regimes built to assess and accommodate intangible value and long-term innovation cycles.⁸⁸

To capture this momentum, Hong Kong must remain engaged with founder-led and IP-heavy enterprises. That includes enabling earlier-stage access to capital, accepting alternative governance models, and aligning listing frameworks with the full arc of company development — from private scaling to public maturity.

82 FSDC. (2018, March). *FSDC's Response to the HKEX Consultation Paper on a Listing Regime for Companies from Emerging and Innovative Sectors*. <https://www.fsd.org.hk/media/h4upc2iu/fsdc-response-to-hkex-consultation-on-emerging-and-innovative-sectors-mar-2018.pdf>

83 FSDC. (2020, April). *FSDC's Response to HKEX's Consultation Paper on Corporate WVR Beneficiaries*. [https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/January-2020-Corporate-WVR/Responses-\(Oct-2020\)/CP202001r_003.pdf](https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/January-2020-Corporate-WVR/Responses-(Oct-2020)/CP202001r_003.pdf)

84 FSDC. (2022, March). *Hong Kong as an International Financial Centre — Enhancement of Hong Kong's IPO offering*, <https://www.fsd.org.hk/media/yflh4p1h/20220303-fsdc-paper-enrichment-of-hong-kong-s-listing-offerings-en-2.pdf>

85 HKEX. (n.d.). *Technology Enterprises Channel (TECH)*. HKEX Rules and Guidance. https://www.hkex.com.hk/Listing/Rules-and-Guidance/Technology-Enterprises-Channel?sc_lang=en

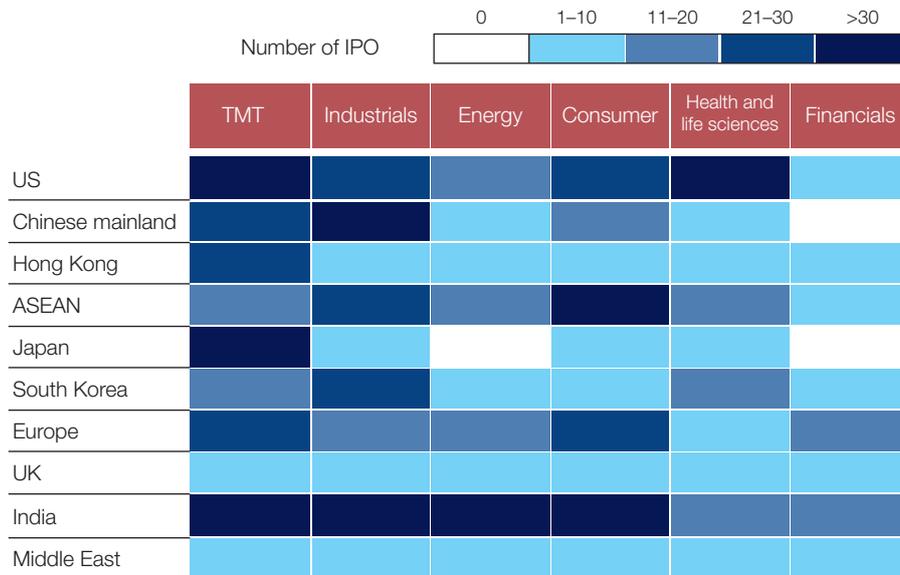
86 Boston Consulting Group. (2023, November 21). *Deep tech claims a 20% share of venture capital, surging two-fold in the past decade*. BCG. <https://www.bcg.com/press/21november2023-deep-tech-claims-20-percent-venture-capital-surg-ing-two-fold-in-past-decade>

87 McKinsey & Company. (2024, July). *European deep tech — Opportunities and discoveries: An investment perspective*. McKinsey & Company. https://www.mckinsey.de/~media/mckinsey/locations/europe%20and%20middle%20east/deutschland/publikationen/2024-07-25%20european%20deep%20tech/deeptech_myths_mckinsey_report_vf.pdf

88 Bobier, J.-F., Coulin, A.-D., Morez, C., Emerson, G., Wagle, K., & Gourévitch, A. (2023, November). *An investor's guide to deep tech*. Boston Consulting Group. <https://web-assets.bcg.com/a8/e4/d3f2698b436aa0f23aed168cd2ef/bcg-an-investors-guide-to-deep-tech-nov-2023-1.pdf>

The experience of other markets reinforces this direction. India’s recent deep tech IPOs — in sectors such as electric mobility and robotics — illustrate how credible exit markets can stimulate upstream innovation.⁸⁹ These developments are not blueprints for Hong Kong to replicate, but they validate the logic of reforms already underway. By continuing to modernise access regimes and support the capital journeys of innovation-led companies, Hong Kong can strengthen its position as both a gateway for global capital and a cornerstone of the innovation economy.

2024 IPO volume by market and by sector



IPO return data is as of 9 December 2024, represents YTD change in common share pricing of newly priced at the time of listings. Please refer to the definition slide for new EY sector classifications. Sources: EY analysis, Dealogic.

Source: EY⁹⁰

6.2 Recalibrating global linkage as competitive moats

In the face of rising multipolarity, jurisdictions around the world are accelerating efforts to build resilient, multilateral capital market linkages. Many financial centres are strengthening their bilateral ties with China and expanding regulatory and infrastructure capacity to support cross-border capital flows across Asia, the Gulf, and other emerging markets. While Hong Kong’s role as the premier conduit between China and global capital remains a strategic asset, it must now be reframed within a broader vision of global financial intermediation.

Positioning itself as a trusted financial intermediary is key — capable of mobilising capital at scale, managing risk across borders, and aligning with the regulatory expectations of both emerging and advanced economies. Its value lies not in exclusivity, but in interoperability: the ability to connect global capital with opportunity.

89 Hurford, S. (2025, February 26). *India’s IPO boom sets the scene for a wave of deeptech investment*. Global Venturing. <https://globalventuring.com/corporate/asia/indias-ipo-boom-deeptech-investment-wave/>

90 EY. (2024, December). *Global IPO trends 2024*. EY. <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/ipo/documents/ey-gl-ipo-trends-v1-12-2024.pdf>

Market infrastructure alone is insufficient. Hong Kong's comparative advantage lies in platforms and integrated regimes that solve complex problems for market participants. The next phase of Stock Connect and Bond Connect should not merely improve throughput but also pricing conventions and disclosure frameworks that reflect Hong Kong's legal and governance standards. Likewise, ETF Connect offers a strategic opportunity to anchor Hong Kong as a hub for regionally integrated passive strategies, including RMB-denominated indices and Belt and Road-linked asset baskets. These platforms must mature into regimes — distinctive financial systems with embedded rules, services, and investor protections that generate defensible network effects.

Modernising global ties with traditional markets

To reinforce its strategic positioning, Hong Kong must deepen and modernise its relationships with traditional markets, particularly North America and Europe — still the largest sources of global capital. Among the world's top 500 asset managers, firms based in North America manage 60% (US\$77.8 trillion) of total assets, while those in Europe manage 26% (US\$33.9 trillion).⁹¹ In 2024, investors from these two regions accounted for 53.9% of total assets under management held by non-local investors in Hong Kong.⁹² At the same time, corporates from North America and Europe are increasingly engaging with RMB-denominated instruments — such as Panda bonds⁹³ — and using Hong Kong as a regional hub for fundraising to access Asia's liquidity. This reflects a broader trend toward greater financial integration between Western capital and Asian markets.

Hong Kong's longstanding ties with global markets, combined with its unique connectivity to China, form a strong foundation for its role in international finance. To stay competitive, it must continue strengthening these relationships, aligning with evolving global standards while attracting a broader mix of issuers and investors. As international capital seeks exposure to Asia's growth, and Asian capital looks outward for diversification, Hong Kong is well-positioned as a neutral, credible, and well-regulated platform for cross-border capital formation, currency diversification, and institutional risk management.

Regional structuring hub and strategic enabler for the Belt and Road Initiative (BRI) and beyond

The importance of infrastructure investment is increasingly highlighted — but so too is the need to change how it is perceived and positioned. Despite infrastructure's role in enabling global economic growth, connectivity, and resilience, investment continues to fall short of global needs, particularly in emerging markets. Estimates suggest that up to US\$106 trillion in investment will be required by 2040 to build and modernise essential infrastructure.⁹⁴ The disconnect is less a matter of capital scarcity but more a reflection of entrenched perceptions and structural frictions: infrastructure is still too often treated as a social or philanthropic cause rather than a commercially viable strategy for long-term value creation, diversification, and climate resilience.

Nowhere is this more critical than in Hong Kong's role within the Belt and Road Initiative (BRI). As China repositions BRI toward a more sustainable, commercially disciplined, and regionally diversified growth platform, the city can serve as a strategic enabler of the initiative's next phase. This involves moving beyond the narrative of Hong Kong as a “super-connector” to a model in which the city functions as a neutral, rule-based platform for structuring and financing complex, multi-party transactions spanning emerging markets. The next wave of BRI-linked projects — from sustainable transport and resilient urban development to regional digital and energy transitions — will depend on bankable structures, stable legal frameworks, and risk-sharing mechanisms that many onshore markets are not yet equipped to provide at scale.

91 Thinking Ahead Institute. (2024). *The world's largest asset managers 2024*. Thinking Ahead Institute.

<https://www.thinkingaheadinstitute.org/research-papers/the-worlds-largest-asset-managers-2024/>

92 Securities and Futures Commission. (2025, July). *Asset and wealth management activities survey 2024*. SFC.

https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/EN_AWMAS-2024.pdf?rev=b5a3bd4768b34f3185b421ca91f70750&hash=532732D531ED17BDC46927632F1F09A8

93 Financial Times. (2025, January). *Foreign companies flock to 'panda bond' market in hunt for China hedge*. *Financial Times*.

<https://www.ft.com/content/af4ed068-ef31-45a3-a462-3db25b55ce76>

94 McKinsey. (2025, Sep). *The Infrastructure Moment*. <https://www.mckinsey.com/industries/infrastructure/our-insights/the-infrastructure-moment>

Hong Kong can extend the capabilities it has been developing for its own infrastructure transformation — especially in PPPs and project financing — to the broader region. The city's planned strategic developments that include large, complex projects such as the Northern Metropolis, major transport links, and social infrastructure underscores that fiscal capacity alone cannot meet the sheer scale, complexity, and long tenor of modern infrastructure needs. Internationally, PPPs have become a mainstream mechanism for mobilising private capital, allocating risk efficiently, and lifting service quality across transport, energy, social and digital infrastructure. By leveraging PPP models and blended finance approaches, Hong Kong can design and syndicate structures that attract institutional investors — pension funds, insurers, sovereign wealth funds — into long dated, real economy assets along the BRI.

To complement the development, offering mechanisms such as multi-currency project bonds, offshore dispute resolution under Hong Kong law, and sustainable finance taxonomies aligned with both Chinese and international standards, are essential. This is not simply a matter of financial service provision; it is a form of strategic intermediation that supports national policy goals while integrating Hong Kong's institutions into the region's future economic geography.

The scale of this opportunity is material. With over 140 participating countries, accounting for 60% of the world's population and nearly 40% of global GDP, the BRI represents one of the most expansive capital deployment platforms in modern history. At the same time, Hong Kong's role as the global offshore RMB hub remains unparalleled, as it clears roughly 70% of all offshore RMB transactions globally; however, this dominance is not assured. As other jurisdictions begin to develop their own RMB infrastructure, Hong Kong must lead in both volume and capability. That means actively shaping the RMB capital market ecosystem — deepening secondary markets, expanding RMB-denominated structured products, especially for BRI countries, and embedding the currency into fund structures tied to regional development themes. The city's role should be defined by how deeply it governs the instruments and institutions through which the currency is used internationally.

Bridging the sub-investment-grade gap in emerging markets

A persistent constraint for many emerging and frontier economies — especially within BRI corridors — is the difficulty of issuing at scale with sovereign or quasi-sovereign credit ratings below investment grade. Elevated risk premia and limited secondary liquidity often push borrowing costs to uneconomic levels, even for projects with strong fundamentals. If Hong Kong can systematise issuance pathways for these credits, it would move from a transactional connector to a genuine architect of cross-border capital formation.

Pairing these with Hong Kong's legal infrastructure — offshore dispute resolution under Hong Kong law, standardised disclosure and covenants, and issuance & settlement via Connect and CMU — can compress risk spreads and anchor repeat issuance. By curating underwriting clubs, anchor orders from long-horizon allocators, and market-making commitments for secondary liquidity, Hong Kong can convert these emerging market deals into a more scalable asset class — proving its value as a trusted intermediary for sub-investment-grade issuers and global capital alike.

To fully realise this vision, policy and regulatory clarity are essential. Addressing regulatory hurdles and aligning prudential frameworks to recognise the true risk and return profile of infrastructure will be critical to encouraging long-term investment.

A further catalyst is the active participation of Multilateral Development Banks (MDBs). They bring more than just funding — they provide project credibility, risk mitigation, and help crowd in private capital by anchoring blended finance structures. Their involvement bridges the gap between perceived and actual risk, helping to attract institutional investors to projects in developing and frontier markets.

As other centres race to build bilateral linkages, Hong Kong's defensible moat lies in the systemic coherence of its financial regime — its ability to structure, protect, and deploy capital across borders, at scale, and with trust.

6.3 Supercharging institutional capital flows

Institutional capital, from pension funds, insurers, sovereign wealth funds, and other long-term investors, has become a driver of cross-border economic connectivity. Credit to their scale, stability, and long-term investment horizons, these investors are positioned to fund global priorities, such as the transition to a climate-friendly economy, infrastructure development, and technological innovation. As global economies become increasingly interdependent, institutional capital is playing a pivotal role in aligning markets, integrating policy objectives, and scaling global solutions.

A key trend accelerating this shift is the increasing popularity of thematic investing within institutional portfolios. By 2025, 31% of institutional investors worldwide are expected to employ thematic strategies, with Asia's adoption reaching 41%, indicating increasing demand for targeted, purpose-driven investment. Among the most prominent themes, renewable energy and climate adaptation continue to attract sustainable capital, while artificial intelligence leads among innovation themes, with 79% of global investors expressing active interest.⁹⁵ These strategies are increasingly delivered through private markets, which offer institutional investors early access to high-growth and disruptive companies. Private equity, venture capital, infrastructure funds and others have become the preferred means for directing capital into these emerging sectors.

Among institutional capital, pension funds and insurance capital represent the largest pools managed by asset managers. In 2024, global pension assets rose 4.9% year-on-year to reach a record USD58.5 trillion.⁹⁶ Alongside this growth, international diversification continues to accelerate. According to the OECD, the average share of pension assets invested abroad rose from 28.6% in 2010 to 34.8% in 2020, underscoring a growing appetite for cross-border exposure.⁹⁷

To support these shifts, several jurisdictions are reforming regulations to facilitate cross-border and alternative investments. In the UK, a voluntary agreement launched in 2023 with leading pension providers aimed to increase allocations to unlisted equities. Renewed in 2025, it now covers 90% of UK pension savers, doubles the target to 10%, and expands the scope to infrastructure. In the US — the world's largest pension market — an executive order signed in August 2025 directed federal agencies to provide guidance enabling private investments and alternative assets in 401(k) plans, opening new opportunities for retirement savers.

In parallel, Hong Kong announced that MPF funds can invest in private and illiquid assets, including private equity, through Listed Closed-ended Alternative Asset Funds. This move, also recommended in the FSDC's alternative assets paper in May 2025, aligns Hong Kong's regulatory regime with international standards and strengthens its role as a cross-border platform for alternative investments.⁹⁸

95 BNP Paribas Asset Management. (2025, June 4). Investors see private markets as a primary environment for thematic strategies shows BNP Paribas 2025 Thematics Barometer [Press release]. <https://www.bnpparibas-am.com/en/press/mediaroom-en-investors-see-private-markets-as-a-primary-environment-for-thematic-strategies-shows-bnp-paribas-2025-thematics-barometer/>

96 WTW. (2025, February 10). Global pension assets climb to record \$58/5 trillion [Press release]. <https://www.wtwco.com/en-sg/news/2025/02/global-pension-assets-climb-to-record-dollar-58-point-5-trillion>

97 Statistical annex to OECD (2021), Pension Markets in Focus 2021.

98 The White House. (2025, August 7). Democratizing access to alternative assets for 401(k) investors [Executive order]. <https://www.whitehouse.gov/presidential-actions/2025/08/democratizing-access-to-alternative-assets-for-401k-investors/>

With its deep capital markets, robust regulatory framework, and cross-border financial infrastructure, Hong Kong connects global institutional capital with opportunities across Chinese Mainland, Asia, Belt and Road economies and the world. This role is more critical as Chinese Mainland's pension sector undergoes reform. In 2024, China ranked 10th globally with pension assets totalling USD480 billion.⁹⁹ Driven by the expansion of the third pillar — private, individual retirement savings — the market is expected to grow to RMB28 trillion (USD3.96 trillion) by 2030.¹⁰⁰ As the system evolves, interest in international diversification is rising. Currently, only 10% of the National Social Security Fund is invested overseas, compared to a global average of 35%, highlighting a clear opportunity for outbound investment.¹⁰¹

Hong Kong's insurance sector also represents a major source of long-term capital. In 2024, its new office premiums from long-term business generated HKD 169.6 billion. However, insurers face a persistent shortage of long-duration, sustainability-aligned investment options. Limited supply of HKD-denominated long-term assets has led to increased reliance on USD instruments, exposing insurers to currency and hedging risks.

Hong Kong can serve both as a gateway and a solution. With its expertise in asset management, global fund access, risk management and regulatory governance, the city is well placed to channel institutional capital into thematic global strategies. It has also built momentum as a platform for impact-focused finance, including green and sustainable finance, biotech and healthcare innovation, and others.

6.4 Digitalisation as enabler

Hong Kong is entering a pivotal phase in its development as a global digital asset hub. Leveraging its unique position as an international financial centre, the city is building a digital finance ecosystem that supports innovation, manages risk, and strengthens connectivity across markets. The focus is shifting from experimentation to integration — embedding digital assets into mainstream finance in a way that is sustainable, secure, and globally relevant.

Policy moves over the past years have laid a strong foundation. Since 2021, the FSDC has suggested that the Government and regulators explore a prudent, workable regime for digital asset activities by facilitating industry–government/regulators dialogue and providing targeted research on tokenisation and Web3. Our engagements and research focus on safeguards, interoperability, and institutional use cases that connect digital assets with mainstream finance. A licensing regime for virtual asset trading platforms was implemented in June 2023, alongside a stablecoin regulatory framework that came into effect in August 2025. These measures offer a regulated environment that is attracting growing interest from financial institutions and technology players alike. Complemented by public consultations on the proposed licensing regime for digital asset dealing and custodian service provider, which closed in August, and new circulars on shared liquidity and expansion of products and services by virtual asset trading platforms, Hong Kong is signalling its long-term commitment to this space.^{102,103}

99 Thinking Ahead Institute. (2025). Global Pension Assets Study 2025.

<https://www.thinkingaheadinstitute.org/research-papers/global-pension-assets-study-2025/>

100 Ping An Insurance (Group) (2024, October 31). China's pension reform creates opportunities for financial firms. <https://group.pingan.com/media/perspectives/2024/China-s-pension-reform-creates-opportunities-for-financial-firms.html>

101 China Daily. (2024, June 27). 'Patient capital' seen as key to sci-tech self-reliance. State Council of the People's Republic of China.

https://english.www.gov.cn/policies/policywatch/202406/27/content_WS667cc984c6d0868f4e8e89e3.html

102 FSTB & SFC. (2025, June). FSTB and SFC consult on proposed regimes to regulate virtual asset dealers and custodians.

<https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=25PR99>

103 SFC. (n.d.). Circulars. <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/>

While digital assets are gaining traction, licensed stablecoins could drive real-world impact — modernising payments, enhancing transaction efficiency, and supporting financial inclusion. The key lies in interoperability, prudent risk management, and sustainable value creation — integrating digital assets into the broader financial system without compromising trust.

One of the most discussed applications in this field is the tokenisation of real-world assets (RWAs)—the digital representation of physical or financial assets such as real estate, bonds, or intellectual properties. Tokenisation facilitates fractional ownership, faster settlement, and programmability, unlocking new capital efficiencies and investment channels. As identified in the FSDC's 2024 blockchain policy paper, tokenised RWAs represent a critical innovation frontier, and it is encouraging to see this reflected across public policy directions.¹⁰⁴

Realising tokenisation's full potential will also depend on a robust and interoperable data infrastructure. As highlighted in the FSDC's 2022 paper, cross-boundary data connectivity is a foundational enabler for next-generation financial services, ensuring the secure, compliant, and frictionless exchange of financial data across the GBA and beyond.¹⁰⁵ This is especially critical for tokenised assets, which require trusted data inputs and real-time validation across markets.

Hong Kong's role as a financial bridge positions it to lead in this space. The Government and relevant institutions are increasingly piloting digital asset use cases — from tokenised green bonds to real-value transactions in tokenised deposits and digital assets through Project Ensemble — demonstrating how digital tools can enhance, not replace, traditional finance. Illiquid assets, such as private equity and infrastructure, may be suited for tokenisation, and Hong Kong's capital markets depth, legal certainty, and institutional quality make it uniquely well-equipped to pioneer such solutions. These opportunities will be explored further in subsequent sections.

As the world's largest offshore RMB centre, Hong Kong plays a strategic role in supporting the global usage of the currency. Cross-border initiatives like Project mBridge have tested real-time, multi-currency settlement using tokenised central bank money. These developments are aligned with the broader goal of building an interoperable digital infrastructure that connects Hong Kong to global financial and trade networks.

The path ahead will not be without challenges. Legal enforceability, data governance, taxation, and custody frameworks, as outlined in the FSDC paper, must evolve with innovation. Investor protection will remain a cornerstone of Hong Kong's approach — not only to safeguard market integrity but also to ensure that digital finance drives real, sustainable value. A further area for development is valuation: tokenised instruments require consistent fair value methodologies across primary and secondary markets, with observable inputs for on-chain/off-chain price discovery. Standardised interoperability and data schema protocols should support valuation consistency across blockchain networks.

Ultimately, by combining regulatory clarity, global connectivity, and practical innovation, Hong Kong is well placed to lead in the next phase of digital finance. The opportunity is not just to adopt digital assets — but to redefine how capital flows, how markets interact, and how finance creates impact in a connected digital world.

104 FSDC. (2024, March). Realising the Potential of Blockchain in Advancing Hong Kong. (FSDC Paper no. 61) https://www.fsd.org.hk/media/t3tojrj2/blockchain-report_en_final.pdf

105 FSDC. (2022, December). Connecting Data: Establishing Hong Kong as a Cross-Boundary Financial Data Hub. (FSDC Paper no. 56) <https://www.fsd.org.hk/en/insights/connecting-data-establishing-hong-kong-as-a-cross-boundary-financial-data-hub>



**Catalyst for growth and
market leadership**

7. Catalyst for growth and market leadership

Building on the strategic altitude framework outlined in Section 3.2 (Figure X), this section suggests a focused set of initiatives to reinforce Hong Kong's capital market leadership and future-proof its global competitiveness in an era defined by digitalisation and innovation. These actions advance the vision of Hong Kong as a global capital nexus — a resilient, multi-asset and multi-currency platform where diverse issuers, from traditional to next-generation and technology-driven businesses, can raise capital and trade, long-term investors can allocate across borders, and innovation is enabled through modern instruments.

To ensure Hong Kong remains at the forefront of global capital flows — resilient, relevant, and adaptive as markets evolve — each initiative is mapped against the core pillars of an effective capital market as set out in Section 3.2: depth and liquidity, breadth and diversity, openness and connectivity, macroeconomic stability, and technology and adaptability:

- Section 7.1 The next-generation listing playbook proposes refinements to the weighted voting rights regime, aiming to attract innovation-led and high-growth issuers while **broadening** the market's appeal and reinforcing its **depth**.
- Section 7.2 Deepening and expanding **connectivity** outlines a multi-regional strategy to strengthen cross-border channels, positioning Hong Kong as the natural home for global innovation champions.
- Section 7.3 An integrated platform to mobilise global institutional capital to deepen **market liquidity** and support macroeconomic stability by anchoring **long-term investment**.
- Section 7.4 Powering the next cycle with alternative assets accelerates the development of private markets and alternative investments **broaden market scope, deepen liquidity pools,** and **ensure adaptability** to evolving investor demand.

Together, these levers form a cohesive blueprint to sustain Hong Kong's market leadership and global relevance.

7.1 Next steps: Optimising the weighted voting rights regime

The introduction of WVR in 2018 represented a significant development in Hong Kong's listing framework, aimed at attracting companies that would otherwise seek overseas listings. Under Chapter 8A of the Main Board Listing Rules, the regime created a pathway for founder-led, innovation-driven companies to pursue dual-class share structures to align with global venues such as the US, where such structures have become synonymous with the growth of technology and platform giants. **(Refer to Appendix 3 for more details)**

Seven years on, the WVR regime remains a carefully calibrated mechanism that reflects Hong Kong's longstanding commitment to good governance, market integrity and investor protection. Since its implementation in 2018, the WVR regime in Hong Kong has seen 31 WVR listings as of November 2025,¹⁰⁶ representing about 4% of all IPOs during this period, including mega-sized companies such as Alibaba, Baidu, JD.com and Xiaomi.¹⁰⁷ While the regime was never intended for widespread adoption, the modest uptake stands in stark contrast to the city's rapid expansion in the innovation and technology sectors. The disparity suggests that its practical utility may be constrained under current design parameters.

¹⁰⁶ Including 12 primary, 9 dual primary and 10 secondary

¹⁰⁷ HKEX data, 2025

To contextualise Hong Kong’s current approach and inform future discussions, a comparative snapshot of selected jurisdictions is provided below. **(A more detailed comparison can be found in Appendix 4)**

Key Reforms to Listing Regime	WVR/DCS Policy	Financial Eligibility/Thresholds	Suitability/Innovativeness	Key Reforms to Listing Regime
Hong Kong	Permitted under Chapter 8A (since 2018); capped at 10:1	Meet one of two thresholds: (1) HK\$40B market cap, or (2) HK\$10B market cap with ≥ HK\$1B revenue (WVR secondary listings require 2 years of good compliance on a Qualifying Exchange)	Must demonstrate it is an innovative company (Applicable to all WVR applicants (including Grandfathered Greater China Issuer (GGCI) or a Non-Greater China Issuer (NGGCI)) Must demonstrate a track record of high business growth and its high growth trajectory is expected to continue	Introduced biotech (18A) and specialist tech (18C) chapters; limited WVR usage (<1% of listings)
US	No limit on voting rights differential; dual-class widely used	Earnings or valuation/revenue with cash flow tests	N/A	Dominant venue for tech IPOs; over 60% of tech IPOs since 2018 used WVR
UK	WVR allowed with no voting power cap (2024 FCA reforms)	Market cap of ≥ £30 million (HK\$310.5 million)	N/A	Merged premium/standard listings into a single “ESCC” segment; removed shareholder votes for many transactions
Singapore	WVR allowed (SGX)	Meet one of three criteria: (1) ≥ S\$30M pre-tax profit with 3-year track record, (2) ≥ S\$150M market cap with last-year profit, or (3) ≥ S\$300M market cap with revenue.	Business and track record of the issuer as a factor to be considered in suitability assessment	Include streamlined vetting, simplified disclosures, and 20% tax rebate for new primary listing

In addition to eligibility thresholds and company characteristics, international issuer access is also partly shaped by the definition of “Qualifying Exchange” for issuers opting for WVR secondary listings. Under current rules, only companies with a primary listing on the NYSE, Nasdaq, or the London Stock Exchange’s premium segment are eligible for secondary listings with a WVR structure. While this structure ensures a baseline of regulatory comparability, it may also limit access for high-quality issuers from other reputable markets, including emerging innovation hubs in Asia and Europe. **(See Appendix 5 for further details)**

Market observers have noted that the existing eligibility framework may be limiting access for otherwise suitable issuers. The following identifies areas of the WVR regime that may warrant further examination, with an emphasis on maintaining regulatory integrity while supporting Hong Kong’s strategic positioning in global listings.

Eligibility criteria and market capitalisation thresholds

Hong Kong's WVR regime imposes comparatively stringent eligibility requirements, particularly in defining what qualifies as an "innovative" company. To be eligible, an applicant must pass a holistic assessment by HKEX, considering factors such as the application of new technologies or business models, the significance of proprietary intellectual property, and the material contribution of R&D.¹⁰⁸ While intended to ensure quality, the bar for qualification has proven relatively high in practice. The regime does recognise that an "innovative" deployment of existing technologies may qualify for WVR; however, assessment is case specific and, in practice, many applicants whose innovations are primarily in configuration (e.g., platform integration or process automation) may still fall short.

The definition of "innovation" is often interpreted conservatively, creating uncertainty among pre-IPO candidates. One HKEX Listing Decision, for example, deemed an electric vehicle manufacturer ineligible due to insufficient differentiation from competitors, despite its plans to incorporate co-developed technologies in future models.¹⁰⁹ Other factors that may affect suitability assessments include the trajectory and relative intensity of R&D spending (including whether R&D is a material contributor to expected value), the degree of differentiation versus peers, and the credibility of sustaining growth through updated products or models.

These qualitative hurdles are compounded by demanding financial thresholds: a minimum market capitalisation of HK\$40 billion, or HK\$10 billion with revenue of at least HK\$1 billion of revenue for the most recent audited financial year.¹¹⁰ Intended to ensure only market leaders can access the WVR structure, the combined effect may inadvertently exclude high-potential mid-cap issuers, particularly in specialist technology, biotech, or digital infrastructure sectors.

In comparison, peer markets have adopted more flexible approaches — either setting lower thresholds or avoiding hard caps altogether — suggesting room for Hong Kong to consider adjustments that maintain governance standards while expanding access.

Governance and the role of safeguards

One feature of WVR structures is the decoupling of control from ownership. Founders or key individuals may wield significant decision-making power through enhanced voting rights, even if their economic stake in the company is relatively small. While this model can support long-term vision and shield management from short-term pressures, it also introduces governance risks — the possible misalignment between controlling shareholders and minority investors.

Market report shows that companies with dual-class structures may be more susceptible to exhibiting weaker board oversight, engaging in related-party transactions, and resisting shareholder accountability. Over time, there is a possibility that these factors could lead to entrenchment, unpredictable performance, and erosion of investor confidence — especially when enhanced control is not subject to clear limits or governance checks.¹¹¹

108 HKEX. (2018, November 30; updated 2022). Guidance Letter HKEX-GL93-18: Change of listing status from secondary listing to dual primary listing or primary listing on the Main Board. https://en-rules.hkex.com.hk/sites/default/files/net_file_store/gl9318.pdf

109 HKEX. (n.d.). Annex A10: Companies with Weighted Voting Rights Structures in the Guide for New Listing Applicants (relating to Company D). https://en-rules.hkex.com.hk/sites/default/files/net_file_store/A.10_Companies_with_Weighted_Voting_Rights_Structures.pdf

110 HKEX. (n.d.). 8A.06 Qualifications for Listing with a WVR Structure. <https://en-rules.hkex.com.hk/rulebook/8a06>

111 CFA Institute Research and Policy Center. (2018, August 1). Dual-class shares: The good, the bad, and the ugly: A review of the debate surrounding dual-class shares and their emergence in Asia Pacific. <https://rpc.cfainstitute.org/research/surveys/dual-class-shares-apac-survey-report>

In jurisdictions like the US, these risks are partly mitigated by legal mechanisms such as class action lawsuits and shareholder derivative claims. These allow investors to seek redress after governance failures. Hong Kong, however, lacks a class action regime. This absence increases the importance of getting the regulatory design right from the outset, as post-listing legal recourse is limited. In effect, Hong Kong relies more heavily on pre-emptive safeguards to prevent abuse before it arises.

In response, Chapter 8A of the Listing Rules embeds a strict set of ex-ante protections. WVR rights are only granted to individual founders who are directors at the time of listing, and are subject to non-transferability, automatic conversion upon certain events, and sunset provisions.¹¹² These conditions are intended to ensure that enhanced control remains tied to personal leadership, not to shareholding as a transferable asset. Together, they serve as functional substitutes for the legal remedies that are available in other jurisdictions.

To date, there has been no publicly reported misuse or governance failure directly attributable to WVR structures among Hong Kong-listed companies. However, it would be premature to conclude that this track record is purely the result of regulatory design or that potential risks have been fully neutralised. The limited adoption of WVR, combined with the relatively short period since implementation in 2018, means that the regime has not yet been tested at scale or over multiple business cycles.

Practical considerations

Beyond structural safeguards, there are also practical considerations in how WVR-related rules are applied to real-world investor behaviour. One such area is the treatment of institutional investors holding only non-WVR shares, where current classifications may unintentionally restrict market participation **(See Appendix 5 for further discussion)**. In parallel, some market participants have also questioned whether the regime offers sufficient flexibility for certain types of issuers. The fixed 10:1 cap on voting rights, while generally aligned with WVR limits in other markets, is more conservative than the uncapped or more permissive dual-class frameworks seen in the US.^{113,114} The UK has also shifted in this direction, removing its cap in 2024 to give investors greater responsibility in assessing governance risk.

This may not offer sufficient flexibility for certain sectors. Capital-intensive industries such as biotechnology, deep tech, or platform ecosystems often require extended founder control to navigate long R&D timelines and commercialisation risk. In such cases, tighter control frameworks may act as a disincentive for listing in Hong Kong, especially when peer markets offer more adaptable models.

Ultimately, while strong safeguards are essential — especially in the absence of a class action regime — there is a need to strike a balanced approach. A WVR framework that protects investors while remaining competitive with global markets is critical.

112 HKEX. (n.d.). Listing Rules — Chapter 19C: Secondary listings of overseas issuers. <https://en-rules.hkex.com.hk/entiresection/5103>

113 HKEX. (2022, July). Listing Decision LD138-2022: Whether Company A, a Greater China issuer secondary listed in Hong Kong, would be regarded as having changed its principal listing to the Exchange. https://en-rules.hkex.com.hk/sites/default/files/net_file_store/LD138-2022.pdf

114 The Congressional Research Service. (2021, December 8). Dual Class Stock: Background and Policy Debate. <https://www.congress.gov/crs-product/IF11992>

Positioning for growth — strategic considerations for Hong Kong's roadmap in WVR

With global capital markets in flux and peer exchanges moving assertively to attract high-growth issuers to sustain as a listing venue for tomorrow's innovation champions, there is an opportunity to revisit and recalibrate the WVR framework so that it delivers the right balance of integrity, flexibility, and market appeal. Areas that warrant further discussion include:

- Whether the current definition of “innovative company” remains suitable across sectors, especially in this digital era as more companies from emerging fields such as AI, Web3, blockchain are coming to market, and whether other objective, principles-based criteria may offer greater clarity.
- Whether the market capitalisation threshold should be adjusted — either generally or via sector-specific tiers — to accommodate a broader range of eligible companies.
- Whether the 10:1 voting cap should remain fixed, or whether certain companies (e.g. under 18A/18C) should be allowed conditional flexibility within a regulated band.
- Whether the Corporate WVR proposal should be revisited, especially in light of the growing role of institutional innovation ecosystems in Asia.
- Whether the scope of “Qualifying Exchange” should be broadened to reflect evolving issuer geographies, particularly in relation to WVR-eligible secondary listings.

These considerations are not policy recommendations, but potential directions for structured stakeholder engagement and regulatory reflection, particularly as Hong Kong seeks to balance innovation enablement with enduring investor confidence.

7.2 Deepening and expanding connectivity — a multi-regional strategy

Global innovation champions and issuer inclusion

As Hong Kong navigates an evolving global capital landscape, strengthening financial connectivity with innovation ecosystems remains a strategic priority. This extends beyond economic ties — it reinforces Hong Kong's role as a scaling platform for high-growth, R&D-intensive enterprises seeking global capital amid increasingly complex regulatory conditions. In today's geopolitical climate, market connectivity must prioritise access and trust over national origin. For innovation-led issuers, it is defined not only by market entry, but also by how efficiently capital, data, and verification flow — how companies build their global presence and how confidently investors allocate capital using timely, credible information. Hong Kong's continued success as a global listing hub will depend on enabling capital formation for the next generation of innovators and attracting scaled multinationals.

Recent developments support this trajectory. HKEX's proposed reduction in minimum spreads aims to enhance execution quality and boost turnover across more securities. Parallel discussions on board lot reform may lower entry thresholds for retail investors, improving price granularity and broadening participation. Together, these reforms reflect a market architecture increasingly responsive to the liquidity needs of investors and the capital access requirements of a more diverse issuer base.

Within this context, the evolution of Hong Kong's cross-boundary mechanisms — Stock Connect, Bond Connect, and Swap Connect — has become central to its internationalisation strategy. What began as standalone innovations has matured into a comprehensive regional capital framework. Recent enhancements, including ETF access and RMB trading counters, further position Hong Kong as a full-cycle capital platform for Asia. Building on the Government's ongoing initiatives, including the earlier establishment of the Task Force on Enhancing Stock Market Liquidity, this draft aims to explore complementary directions to further invigorate issuer participation and strengthen regional connectivity. As the Task Force has already addressed the core structural aspects of market liquidity, this paper instead surfaces adjacent opportunities that may warrant further consideration and dialogue.

Strategic expansion — attracting global champions

Hong Kong's role as a strategic listing venue for Chinese issuers navigating regulatory and geopolitical dynamics in the United States has become important. Against the backdrop of US-China audit tensions, delisting risks, and Mainland capital repatriation trends, there is a growing number of “homecoming” listings, reaffirming Hong Kong's position as the relevant and credible offshore alternative. Approximately 300 Chinese companies were listed on US exchanges via American Depositary Receipts (ADRs).¹¹⁵ Of these, 33 issuers — including flagship names such as Alibaba, JD.com, Baidu, and NetEase — have already sought dual primary or secondary listings in Hong Kong, and their aggregate market capitalisation represents about 70% of the total market capitalisation of all US-listed Chinese companies.¹¹⁶ This trend underscores a wider pivot among Chinese firms to mitigate regulatory risks while enhancing alignment with Mainland investor access and long-term strategic stability. However, the potential pipeline is subject to natural constraints. Even with sustained interest, only a portion of the remaining sizeable ADRs — representing a combined market capitalisation of about US\$191 billion — currently satisfy HKEX's criteria for dual-primary or secondary listings,¹¹⁷ constrained by thresholds on market capitalisation, profitability, or track record as outlined in Chapters 19C and 18C. While attracting high-calibre candidates is essential, it is unlikely to be a singular driver of long-term market resilience.

The strategic evolution capitalises on Hong Kong's unique strengths: proximity to Mainland demand and an Asia time zone investor base. A promising avenue for exploration involves a targeted initiative to attract internationally renowned champions — such as established European luxury and consumer goods brands, premium automotive firms, and select healthcare leaders — that already derive significant growth from China and broader Asia. This opportunity also extends to leading innovators from the Americas, particularly those with substantial Asia-Pacific revenue exposure or supply-chain integration, for whom a Hong Kong listing could enhance regional investor access and liquidity. These brands are already known to local investors through stores, pricing, and regional presence. Precedent exists: Prada S.p.A.'s decision to list in Hong Kong demonstrates that European consumer houses can build deep regional ownership and benefit from Hong Kong's derivatives and structured product ecosystem.

Crucially, this is not just a broad call for “more internationals”. It is a targeted offer to global issuers for whom Hong Kong's connectivity can move the marginal dollar on liquidity, valuation, and investor mix in their Asia business. For them to add a Hong Kong line, whether through dual-primary listing or secondary listing, to power their next strategic stage of growth. In this context, feasibility is grounded in practicality rather than aspiration. Under Chapter 19C, an overseas-listed entity can establish a secondary listing on HKEX while maintaining its primary regulatory domicile, with HKEX and the SFC providing tailored waivers that acknowledge equivalent shareholder protections.

115 U.S.-China Economic and Security Review Commission. (2025, March 7). Chinese companies listed on major U.S. stock exchanges. <https://www.uscc.gov/research/chinese-companies-listed-major-us-stock-exchanges>

116 South China Morning Post. (2025, May 17). Hong Kong prepares for a grand homecoming as mainland firms face US delisting threats. <https://www.scmp.com/business/banking-finance/article/3310610/hong-kong-prepares-grand-homecoming-mainland-firms-face-us-delisting-threats>

117 Financial Times. (2025). ADResing the dragon in the room. <https://www.ft.com/content/bdb920fa-78b5-4a23-8b42-6ee62a97a298>

Two key relevant distinctions

“Recognised Stock Exchange” (RSE) category encompasses a wide array of venues in HKEX’s rulebook, including Euronext Paris/Amsterdam, Deutsche Börse Prime Standard, SIX Swiss Exchange, and Borsa Italiana.¹¹⁸ For non-Greater China issuers adhering to one-share-one-vote structures and IFRS reporting, this designation generally suffices for Chapter 19C access, contingent on meeting size, track record, and sponsor due diligence requirements.¹¹⁹ In contrast, the “Qualifying Exchange” (encompassing NYSE, Nasdaq, and the LSE Main Market Premium segment) facilitated a more streamlined 19C pathway for certain Greater China issuers preserving WVR or variable interest entity (VIE) structures;¹²⁰ it holds less pertinence for standard European governance models. While the focus here is regulatory eligibility and listing pathways, jurisdiction-specific indirect taxes and levies on relevant transactions (e.g., capital gains tax, VAT, stamp duties, financial transaction taxes, etc.) may also materially affect issuers and investors, and should be considered.

The case for a two-step process

While not entirely frictionless, a secondary listing may initially exclude access to Southbound Stock Connect (further details set out later in this section).¹²¹

The envisioned approach thus adopts a forward-looking two-step progression: secondary listing as the entry point, followed by Connect integration. Step one serves as the on-ramp: pursue listing under Chapter 19C, introduce dual-counter trading (in HKD and RMB), potentially engage designated market makers with defined obligations to enhance depth and tighten spreads during Asia hours, and execute a structured investor-relations campaign in Hong Kong and key Mainland financial hubs, focusing on professional investors and high-net-worth individuals. This is supported by HKEX’s earlier expansion of its risk management ecosystem, including its partnership with MSCI to list futures and options on Asia and Emerging Market equity indexes — a move that strengthens Hong Kong’s appeal as a full-service financial gateway for global firms with regional exposure.¹²²

Step two, for further consideration, involves a pre-commitment to transition to dual-primary status upon meeting objective milestones — such as consistent trading volume on the Hong Kong line, free-float thresholds, and index eligibility — thereby unlocking Southbound access.

Other than that, HDRs (Chapter 19B) also offer a complementary — and for some international issuers, the only workable — Hong Kong route in cases when their home jurisdiction rules block overseas ordinary share listings, bar holding shares abroad, or require overseas holders to be directly registered. HDRs can be created and cancelled to meet Asia hours demand and can precede or sit alongside a 19C secondary listing.¹²³ Targeted refinements — fast-track vetting, dual HKD/RMB counters with designated market makers, and a pathway to Connect upon objective liquidity and index milestones — would round out Hong Kong’s comprehensive offering.

118 HKEX. (2025, March 10). List of recognised stock exchanges. https://www.hkex.com.hk/Listing/Rules-and-Guidance/Listing-of-Overseas-Companies/List-of-Recognised-Stock-Exchange?sc_lang=en

119 HKEX. (n.d.). Secondary listings in Hong Kong. https://www.hkex.com.hk/Listing/Rules-and-Guidance/Listing-of-Overseas-Companies/Secondary-Listings-in-Hong-Kong?sc_lang=en

120 HKEX. (n.d.). Secondary listings in Hong Kong. https://www.hkex.com.hk/Listing/Rules-and-Guidance/Listing-of-Overseas-Companies/Secondary-Listings-in-Hong-Kong?sc_lang=en

121 Johnson Stokes & Master. (2025, June 30). Hong Kong listing options for US-listed Chinese issuers.). <https://www.jsm.com/publications/2025/hong-kong-listing-options-for-us-listed-chinese-issuers/>

122 HKEX. (2020, May 27). HKEX signs agreement with MSCI to license indexes to launch Asia and emerging markets futures and options contracts. https://www.hkex.com.hk/News/News-Release/2020/200527news?sc_lang=en

123 HKEX. (2022). Guidance Letter GL112-22: Change of listing status from secondary listing to dual primary listing or primary listing on the Main Board. https://en-rules.hkex.com.hk/sites/default/files/net_file_store/HKEX4476_3293_VER10.pdf

Transaction costs

Additional facets warrant exploration in this vein, including the transaction cost framework: Hong Kong imposes a 0.1% stamp duty per side,¹²⁴ while certain EU issuers contend with persistent home-country taxes (e.g., France's 0.3% Financial Transaction Tax, Italy's 0.1% on-exchange levy, Spain's 0.2% rate, and the UK's 0.5% Stamp Duty Reserve Tax for UK-incorporated shares).¹²⁵ These obligations persist if opt for dual primary listing in Hong Kong and may temper activities. Accordingly, an initial focus on issuers from Switzerland or the Netherlands, with comparatively streamlined tax profiles, could optimise outcomes; whereas Spanish and Italian leaders, though compelling, would depend more heavily on Connect-driven demand and proactive market-making for liquidity enhancement.

Beyond taxes and routing constraints, dual or secondary listings involve incremental listing, compliance, and investor relations costs, alongside jurisdiction-specific disclosures and governance expectations. HKEX's guidance on overseas issuers highlights core shareholder protection standards, the distinctions among primary, dual primary and secondary listings, and the use of waivers (including automatic waivers for eligible secondary listings). To further attract strategically high value international issuers, one potential avenue Hong Kong could explore is a targeted/milestone based subsidy or grant — modelled procedurally on the Government's Green and Sustainable Finance Grant Scheme, to partially offset defined listing and external review expenses. Eligibility could be studied to tie to objective thresholds (e.g., market capitalisation, turnover and free float milestones, dual counter readiness), aligning market development with robust investor protection.

Market structure considerations are equally pivotal: EU dealers navigate the MiFIR Share Trading Obligation, which restricts the routing of EU shares to non-equivalent third-country venues like HKEX. These factors underscore, rather than undermine, the two-step model's value: intentional market-making supports the initial phase, while Connect eligibility accelerates the subsequent one. Ultimately, this direction merits the pursuit of diversifying Hong Kong's Main Board issuer base, highlighting the city's distinctive advantages and intrinsic value in bridging Chinese Mainland to these global luxury and consumer champions.

Multi-regional diversification through emerging market and RSE expansion

Building on this targeted foundation, Hong Kong is well-positioned for a multi-regional vision. Aside from targeted initiatives for global champions in developed markets such as the US and EU, there is also further potential to explore bespoke listing solutions for these companies, especially around structured products, RMB-denominated fundraising, and thematic ETFs. On top of this, Hong Kong can also expand its reach into emerging economies in Southeast Asia, the Middle East, and beyond, leveraging its robust regulatory framework for cross-border listings, with multiple entry points designed for different issuer profiles.

For emerging markets, efforts to engage with the Middle East are gathering momentum. The inclusion of the Saudi Exchange (Tadawul) in HKEX's RSE list and the signing of a memorandum of understanding between the two exchanges mark important milestones. Tadawul's recent regulatory reforms — including clearer guidelines for foreign listings and the introduction of depositary receipts — signal readiness for deeper international engagement. Hong Kong should continue leveraging these ties by exploring mechanisms for two-way cross-listings, particularly for sovereign-backed companies and tech-driven enterprises in the Gulf region.

124 HKEX (n.d.). Transaction: Securities (Hong Kong) trading fees and charges. [https://www.hkex.com.hk/Services/Rules-and-Forms-and-Fees/Fees/Securities-\(Hong-Kong\)/Trading/Transaction?sc_lang=en#:~:text=Stamp%20Duty%20on%20Stock%20Transaction,the%20buyer%20and%20the%20seller.](https://www.hkex.com.hk/Services/Rules-and-Forms-and-Fees/Fees/Securities-(Hong-Kong)/Trading/Transaction?sc_lang=en#:~:text=Stamp%20Duty%20on%20Stock%20Transaction,the%20buyer%20and%20the%20seller.)

125 European Parliament, Policy Department for Economic and Scientific Policy (2025, June 3). The taxation of the EU's financial sector: Options and experiences [Presentation slides]. https://www.europarl.europa.eu/cmsdata/295969/Financial%20Sector%20Taxation_Presentation_ppt_2025%20final.pdf

Southeast Asia offers equally compelling potential. ASEAN economies represent a combined GDP of over US\$3.6 trillion and a population of more than 650 million. Between 2014 and 2023, 83 Southeast Asian companies were listed in Hong Kong, raising US\$3.2 billion.¹²⁶ Yet the opportunity goes far beyond headline numbers. Many ASEAN companies are well-listed in their domestic markets but seek international exposure, diversified ownership, and global benchmarking. Hong Kong can meet these needs through streamlined secondary listings, investor education outreach, and regional roadshows. The recent inclusion of the Indonesia Stock Exchange and the Stock Exchange of Thailand in the RSE list provides a foundation for further collaboration.

Still, the RSE network remains concentrated in traditional markets like the EU, with relatively limited representation from emerging economies.¹²⁷ Beyond Saudi Arabia and the United Arab Emirates, the Middle East remains underrepresented. Expanding the network to include exchanges in key emerging markets — such as Turkey and Eastern Europe; fast-growing Asian economies like Vietnam; additional Belt and Road countries; and potentially the Chinese Mainland's regulated markets — can be considered to enhance the diversity and depth of the RSE portfolio, unlocking new cross-listing opportunities and enabling a broader pipeline of potential issuers.

In addition, compliance must be upheld, particularly for recognised exchanges. However, as cross-border connectivity with other markets continues to grow, it is increasingly important to account for local cultural contexts and the regulatory requirements of alternative listing venues. While Hong Kong often adopts a principles-based approach, practical implementation must still be customised to reflect jurisdiction-specific norms. These differences require further consideration and careful calibration. If such factors are overlooked, it will become challenging to sustain Hong Kong's position as a competitive, internationally connected financial market.

Optimising Stock Connect for international access

One of Hong Kong's key differentiators in the region is its ability to serve as a conduit between global companies and Mainland Chinese investors. Following the expansion, eligible shares of international companies that are primary listed in Hong Kong can now be included in Southbound Stock Connect. This has already incentivised several foreign companies to upgrade their listing status, driven by the prospect of accessing RMB 163 trillion in Mainland household savings.¹²⁸ This development raises a broader strategic consideration: could more be done to widen access and strengthen Hong Kong's role in global capital intermediation? Additionally, building on HKEX's earlier MOU signed with the Beijing Stock Exchange (BSE), there is also potential scope to explore a pathway to include BSE within the Connect Scheme to enhance international access.

126 HKEX. (n.d). HKEX: A hub for Southeast Asian issuers. https://www.hkex.com.hk/Join-Our-Market/IPO/Listing-with-HKEX/Southeast-Asia-Hub?sc_lang=en

127 HKEX. (2025, March 10). List of recognised stock exchanges. https://www.hkex.com.hk/Listing/Rules-and-Guidance/Listing-of-Overseas-Companies/List-of-Recognised-Stock-Exchange?sc_lang=en

(Europe 40%, APAC 25%, Middle East 15%, North America, 15%, South America 5%; total 20 exchanges on the list)

128 McKinsey & Company. (2025, August 13). *Mid-year update: Five surprises from China's consumer market*. <https://www.mckinsey.com/cn/our-insights/our-insights/mid-year-update-five-surprises-from-chinas-consumer-market>

At present, secondary-listed companies remain outside the scope of Stock Connect — even when they meet high standards of governance, disclosure, and regulatory compliance. This creates a structural limitation in the current model. Is there potential for a more phased or flexible approach? For example, could a tailored entry pathway be introduced for select secondary-listed companies that meet defined criteria — such as market capitalisation, trading liquidity, and regulatory track record, subject to continued dialogue with the support of Mainland regulatory authorities? Such a model could offer a low-friction option for issuers to engage with the Hong Kong-China capital corridor, without requiring immediate conversion to a dual-primary listing. It would also provide Mainland investors with more diversified exposure to established international names, under a controlled and transparent framework. As a further step, a pilot mechanism could also be explored to include selective, high-quality, sizeable international IPO candidates in the Stock Connect scheme — particularly from emerging markets — subject to appropriate benchmarking on governance, liquidity, and investor protection. This would not signal broad inclusion, but rather a directional move to assess feasibility under a safeguarded framework.

To enable such an evolution, operational infrastructure must be aligned. This includes enhancements to post-trade processes, settlement systems, and revenue-sharing mechanisms — especially where the original listing jurisdictions require fees or duties to be remitted, as mentioned in the previous section. Strengthening these enablers would be essential to ensure that any expansion of Stock Connect is both practical and sustainable.

At the same time, maintaining investor protection must remain a core priority. As the range of eligible issuers grows, consistent standards for disclosure, governance, and shareholder rights must apply equally to all participants. A robust framework for cross-border regulatory coordination and enforcement will be vital to uphold market integrity and investor confidence.

Infrastructure capital access within the equity market

Another area that merits exploration is how Hong Kong might better serve the capital-raising needs of issuers from BRI economies. These are markets where large-scale infrastructure projects generate demand for international funding, but access to global capital pools remains uneven, as indicated in the previous section. BRI-linked corporates, sovereigns, and project vehicles often encounter fragmented channels, regulatory mismatches, and limited investor familiarity when seeking international listings or bond issuance. This creates a disparity between the scope of regional infrastructure ambitions and the availability of efficient and credible capital market solutions.

As Hong Kong seeks to deepen its role as an international financial centre and connector between the Mainland, Belt and Road participants, and global investors, there is scope to reconsider how this gap might be addressed. Experience with PPP and project finance more broadly suggests that investors respond best to predictable pipelines, standardised frameworks, and clear risk allocation principles. At present, however, much of the BRI-related infrastructure deal flow is channelled through bespoke, bilateral or loan-based structures, with comparatively limited use of transparent, listed equity or fund formats in Hong Kong. This represents both a constraint and an opportunity.

Now may be an opportune time to consider whether a dedicated infrastructure platform could be introduced, potentially in the form of a new listing chapter or a modular “Infrastructure Connect” framework. Such a structure could offer clear, consistent disclosure expectations, custom post-listing support, and engagement with international development banks or export credit agencies. It could also help translate complex, long dated infrastructure risk — familiar within PPP frameworks — into investable instruments that meet the governance and performance requirements of institutional investors.

In parallel, within the BRI context — and against the backdrop of global investors reassessing Africa's opportunity set across renewables, data centres, and critical minerals — there may also be merit in cautiously evaluating a rule-based “Africa Opportunities” ETF. Importantly, these explorations are not about lowering standards, but to create a transparent, navigable pathway for quality infrastructure assets and sponsors to reach institutional investors in Hong Kong.

This is an invitation for further dialogue. If Hong Kong is to remain a centre for capital formation in the infrastructure cycle, it may be worth engaging with issuers, investors, and policy partners to assess whether a purpose-built channel for regional infrastructure, especially for BRI participants, would address an emerging strategic need or simply duplicate existing options. While it will take time to develop the necessary expertise and ecosystem to be the regional and Belt and Road infrastructure financing hub, it is never too early to start planning.

Strategic reflections on expanding connectivity

As Hong Kong moves to deepen and diversify its market linkages, the challenge is not simply to widen access, but to build a next-generation connectivity architecture that responds to structural shifts in issuer profile and behaviour, investor demand, and global regulatory divergence. The pathways outlined in this section — from two-step listing models and RSE recalibration to selective Stock Connect expansion and infrastructure-focused frameworks — point toward a more modular, agile approach to global engagement. Several strategic questions arise from this direction of travel:

- How can Hong Kong structure credible, phased routes into Stock Connect that incentivise high-quality international listings without compromising investor protection?
- What adaptations to the RSE and 19C frameworks would allow for targeted inclusion of issuers from markets with tax frictions, governance divergence, or capital controls?
- Could a purpose-built infrastructure platform offer differentiated access for sovereign and corporate issuers from BRI economies — without diluting listing standards or market cohesion?
- How might Hong Kong better translate interest from recognisable international brands into sustained market participation, particularly where MiFID, tax, or settlement frictions still apply?

These are not technical adjustments alone; they cut to the strategic positioning of Hong Kong as a capital formation hub that is globally open, institutionally coherent and economically aligned with the next wave of international capital flows.

7.3 An integrated platform for global institutional capital and to deepen market liquidity across issuer segments

In the glare of real-time markets, one must become a comprehensive, integrated platform. As institutional capital becomes more global, risk-aware, and impact-conscious, the depth, structure, and accessibility of financial markets become critical enablers of cross-border investment. Hong Kong's equity and fund-distribution credentials are proven; the next advance is to broaden the base, so scale arrives without hidden frictions. This section outlines four priority areas where further market development can unlock greater investment capacity and systemic resilience.

A liquidity agenda for small and mid-sized issuers in Hong Kong

Hong Kong's SMEs are not a footnote; they are the backbone — over 360,000 firms, more than 98% of all enterprises, employing around 45% of the private-sector workforce.¹²⁹ Public policy already recognises this reality, and the broader financing stack — bank lending, venture capital, and private equity — also plays a key role in meeting start-up and SME needs, as outlined in an earlier FSDC paper.¹³⁰ Here, we focus on facilitation for smaller and mid-sized issuers in the public markets. The question for capital markets is simple: How do we complement this scaffolding so that listing translates into lower costs of capital and sustained growth rather than a one-off ceremony?

A feasible pathway begins where many small and mid-sized issuers stall: secondary market liquidity. Thin trading widens spreads, deters institutional participation, and depresses valuations — raising issuance costs and discouraging follow on fundraising. While stock market performance and investor appetite are driven by macroeconomic conditions and issuers' fundamentals, deliberate market design can still play a supportive role in addressing structural liquidity impediments, including stronger designated market maker and liquidity provider programmes tailored to small-cap profiles.

A more immediate, targeted lever — worthy of careful study — is fiscal: stamp duty relief to catalyse trading in lower-liquidity names. Empirical work in other jurisdictions (including analysis presented in our earlier research studies)^{131,132} has demonstrated meaningful price elasticity of trading volume to transaction-cost reductions, particularly among smaller and less-liquid issuances. Today, stamp duty applies across the board. For issuers with persistently low turnover (e.g., below a transparent threshold such as the trailing 12-month 25th percentile of turnover), historical duty receipts are minimal. A conditional exemption — if a stock's turnover falls below the benchmark, trades in the subsequent fiscal year are exempt — could stimulate order flow and revive price discovery without materially eroding public finances. Any pilot should include clear eligibility rules, anti gaming surveillance, and sunset clauses.

The destination is a virtuous cycle. Better liquidity lowers the cost of capital, which encourages companies to stay public and return to market; deeper participation improves valuations and broadens ownership; and Hong Kong strengthens its standing as the listing venue of choice for high potential regional small and mid-sized issuers.

129 CEDB. (n.d.). SME Support. <https://www.cedb.gov.hk/en/business-environment/sme-support.html>

130 FSDC. (2025, June 10). Fuelling startup success: Attracting and cultivating home-based alternative investment funds. <https://www.fsd.org.hk/en/insights/fuelling-startup-success-attracting-and-cultivating-home-based-alternative-investment-funds>

131 FSDC. (2024, June). Enhancing market liquidity and efficiency: Optimising stock trading mechanism and operations in Hong Kong. <https://www.fsd.org.hk/en/insights/enhancing-market-liquidity-and-efficiency-optimising-stock-trading-mechanism-and-operations-in-hong-kong>

132 FSDC. (2023, August). Boosting Market Liquidity and Diversity: Enhancing Hong Kong's Competitiveness as an International Capital Formation Centre. https://www.fsd.org.hk/media/qd0agfzt/en-boosting-market-liquidity-and-diversity-enhancing-hong-kong-s-competitiveness-as-an-international-capital-formation-centre-_final.pdf

Strengthening post-listing and fixed-income infrastructure for capital market resilience

A thriving bond market depends on the active participation of both institutional and retail investors. Hong Kong possesses a unique structural advantage through the Bond Connect scheme, which facilitates mainland institutional investors' access to Hong Kong's bond market via interconnected financial infrastructures. This channel amplifies liquidity and allows Hong Kong to facilitate China's outbound investment in a safe environment. Complementing this, Swap Connect has also enhanced institutional participation in China's bond market by enabling efficient interest rate hedging and improving capital allocation strategies. Recent enhancements — such as the extension of swap tenors to 30 years — reflect growing international investor engagement and reinforce Hong Kong's role as a trusted offshore RMB hub.¹³³ The recent inclusion of the Loan Prime Rate as a floating reference in Swap Connect could facilitate global investors in managing RMB interest rate risk.¹³⁴ By aligning investor incentives with market infrastructure improvements, Hong Kong can transform its fixed income segment into a dynamic complement to its equities market, bolstering financial stability, diversifying funding sources, and reinforcing its global competitiveness.

A deeper and more diversified bond market would not only broaden the array of risk-adjusted investment options for institutional investors but also enhance the resilience of multi-asset portfolios. From a systemic perspective, a more mature fixed income market could serve as a counter-cyclical buffer to equity volatility — providing a domestic flight-to-safety mechanism during capital market stress. In its absence, capital tends to exit the market entirely, amplifying liquidity risks. Strengthening this segment is therefore critical to stabilising Hong Kong's financial architecture while reinforcing its stature as a full-spectrum international capital hub. To support this evolution, the development of a more firmly established long-term Hong Kong-dollar yield curve would be an important structural enabler. A predictable and transparent sovereign issuance programme can help anchor pricing across the credit spectrum, improve benchmark formation, and support the growth of both public and private debt markets. Regular government issuance — where appropriate — could also enhance liquidity in longer-dated maturities, providing institutional investors with clearer reference points for valuation and risk management.

To clarify scope, recent landmark transactions — such as the IFC's largest ever Hong Kong dollar bond and the first HKD-denominated social bond by a supranational in May 2025 (wonton bond)¹³⁵ — reflect wholesale activity aimed at professional investors. In contrast, the listed corporate bond segment available to the public/retail market remains underutilised. While the Hong Kong SAR Government has made notable progress — particularly through green bonds and its Retail Bond Issuance Programme (including the iBond Series and the Silver Bond Series), corporate issuance and secondary market liquidity still lag global peers.

The global fixed income landscape is intensely competitive. European exchanges, for example, offer tax neutrality and deep liquidity pools that attract institutional capital. For wholesale offerings to professional investors, Chapter 37 already provides an expedited process with limited vetting focused on eligibility and required disclaimers. Accordingly, it may be useful to examine whether there is room to further reduce administrative friction in public offers, make retail-facing disclosures more comprehensible, and consider ways to support secondary market liquidity for listed corporate bonds. That said, any consideration of refinements on the retail side would need to be balanced with strong safeguards — suitability where relevant, transparent disclosures, post-issuance reporting, and proportionate continuous listing obligations — to ensure market integrity and confidence.

¹³³ HKEX. (2025, July 7). *Swap Connect: New enhancements, rising volumes.*

https://www.hkexgroup.com/Media-Centre/Insight/Insight/2025/HKEX-Insight/swap-connect-enhancements-rising-volumes?sc_lan

¹³⁴ HKEX. (2025, September). *HKEX Adds New Reference Rate Under Swap Connect.*

https://www.hkex.com.hk/News/News-Release/2025/250922news?sc_lang=en

¹³⁵ International Finance Corporation. (2025, May 1). *IFC issues largest Hong Kong dollar bond and first social bond in the currency by a supranational [Press release].* <https://www.ifc.org/en/pressroom/2025/ifc-issues-largest-hong-kong-dollar-bond-and-first-social-bond-in-the-currency-by->

In parallel, enhancing post-listing infrastructure is also critical to safeguarding institutional capital. One proposal under consideration by public stakeholders is the exploration of a regulated over-the-counter (OTC) market for delisted companies.¹³⁶ This platform would offer a structured and transparent venue for trading shares of companies that have been suspended or delisted from the main board, often due to prolonged regulatory non-compliance, such as failure to meet public float requirements or publishing financial results. While not intended to support fundraising or relisting, the OTC market may serve as a continuity mechanism, providing qualified investors, including institutions with legacy holdings, an orderly exit route and better price discovery. Over time, it may also evolve to accommodate other unlisted securities, further reinforcing Hong Kong's position as a full-spectrum capital market that supports the entire lifecycle of capital formation and investment. Following the conclusion of the proposal consultation in August 2025, HKEX has indicated it will continue to work with stakeholders to assess the viability of an OTC market.¹³⁷

Deepening fixed income markets with infrastructure investments

Infrastructure investment presents a thematic avenue for the next phase of growth and diversification in global fixed income markets. The scale of the need is unprecedented as previously mentioned, spanning traditional sectors such as transport, energy, and water, as well as newer domains like digital and social infrastructure. In Asia alone, the annual requirement is projected to be US\$70 trillion.¹³⁸ This funding imperative is transforming how both public and private sectors approach capital markets. Debt financing now dominates private infrastructure investment, constituting 81% of the total in 2022, with project loans leading but bonds accounting for a growing 19% share.¹³⁹ Innovative instruments such as green, sustainability-linked, and project bonds are increasingly being used by governments and developers — especially in emerging markets — to access a broader and more diverse institutional investor base.

Building on the earlier point about extending Hong Kong's capabilities in PPPs and project financing to the broader region, Hong Kong can also extend the fixed income platform to support these themes to attract a wider array of issuers, including sovereigns, corporates, and public-private partnerships, as well as global institutional investors. Infrastructure-related bonds, in particular, offer long-duration, predictable cash flows and have demonstrated strong credit profiles, making them attractive additions to diversified portfolios for global investors such as pension funds and insurers.^{140,141} As more issuers leverage bond markets for infrastructure funding, the result is deeper market liquidity, greater risk diversification, and a stronger alignment of fixed income markets with long-term economic and societal priorities — such as urbanisation and digital transformation.

To fully realise this potential, it will be important to continue strengthening market infrastructure, embrace global best practices in regulation and transparency, and encourage innovative mechanisms such as blended finance or credit enhancement. Hong Kong's connectivity with multilateral development banks also positions it as a natural conduit for catalysing capital into strategic sectors, reinforcing its role as a resilient and future-ready fixed income hub.

¹³⁶ HKEX. (2024, December). *Consultation paper: Proposals to optimise IPO price discovery and open market requirements*.

<https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/December-2024-Optimise-IPO-Price/Consultation-Paper/cp202412.pdf>

¹³⁷ HKEX. (2025, August). HKEX Concludes Consultation on IPO Price Discovery and Open Market Requirements; Launches Further Consultation on Ongoing Public Float Proposals. https://www.hkex.com.hk/News/Regulatory-Announcements/2025/2508012news?sc_lang=en

¹³⁸ McKinsey & Company. (2025, September). *The Infrastructure Moment*.

<https://www.mckinsey.com/industries/infrastructure/our-insights/the-infrastructure-moment>

¹³⁹ Global Infrastructure Hub. (2023). *Infrastructure Monitor 2023*. <https://cdn.gihub.org/umbraco/media/5416/infrastructure-monitor-report-2023.pdf>

¹⁴⁰ BNP Paribas. (2025, May). *Infrastructure debt – Broad opportunities, but risk must be managed closely*. <https://www.bnpparibas-am.com/en-hk/institutional/portfolio-perspectives/infrastructure-debt-broad-opportunities-but-risk-must-be-managed-closely/>

¹⁴¹ Allianz. (2025, July). *3.5% to 2035: Bridging the global infrastructure gap*. https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/specials/en/2025/july/2025-07-30-Infrastructure.pdf

Unlocking RMB-denominated capital and pension-linked capital for regional development

The city's role as an offshore RMB centre further enhances its appeal. It offers not only international exposure but also RMB-denominated solutions for investors seeking multi-currency diversification and alignment with Asia's long-term growth prospects. Its regulatory reliability and depth of market services allow for seamless integration of developed-market stability with emerging-market opportunity.

The city's expertise in managing long-term capital is evident in the MPF system, which oversees over HKD 1 trillion in retirement assets. With a broad fund variety, strong governance, and transparent oversight, the MPF demonstrates Hong Kong's ability to operate a scalable, professionally managed pension platform — one that may offer insights for other jurisdictions developing or reforming retirement systems.

This experience is particularly relevant in the context of emerging pension reforms in Chinese Mainland. As the Mainland expands its third pillar of retirement savings — focused on private, individual accounts — there is growing interest in how these funds can be deployed to support long-term national development goals. The third pillar alone is expected to reach RMB 7 trillion (US\$990 billion) by 2030, within a broader pension system projected at RMB 28 trillion (US\$3.96 trillion). While this pool of capital is growing rapidly, the investment channels available to it can be further expanded for mutual benefits, especially for long-duration, internationally managed, or thematic strategies.¹⁴²

Hong Kong could play a complementary role in supporting the professional management of this capital. Its offshore RMB market, familiarity with Mainland regulatory frameworks, and track record in pension governance make it well placed to offer cross-boundary investment solutions. This opens the door to exploring a strategic concept of cross-border pension investment connectivity, a framework or platform that could enable retirement capital from Chinese Mainland and other markets to be professionally managed through Hong Kong, benefiting from global diversification while operating under familiar, trusted oversight. Opportunities may include tailored retirement products, access to global asset classes, or institutional platforms built to meet long-term investment objectives. Realising this potential would require further policy coordination and dialogue to ensure alignment with long-term development goals.

More broadly, Hong Kong's position as a capital hub extends beyond our country. Global investors — from Europe to the Middle East and Southeast Asia — are increasingly using the city as a base for allocating into Asia. Thematic investing is one area where Hong Kong adds distinct value. As asset owners increase allocations to sectors like climate transition, digital infrastructure, and healthcare, the city's structuring expertise and private markets ecosystem are increasingly relevant. Hong Kong is also a leader in sustainable finance, with strong issuance of green, social, and digital bonds — including tokenised instruments and RMB-denominated options.

Another promising mechanism for scaling cross-border impact is blended finance — the strategic combination of concessional, public, and institutional capital to de-risk investment into high-impact, complex sectors. As highlighted in the 2024 FSDC report on transition finance, Hong Kong's legal and structuring capabilities make it a natural hub for blended finance vehicles. Strategic partnerships of HKMA with multilateral organisations such as the Asian Development Bank, Asian Infrastructure Investment Bank and International Finance Corporation on climate investment signal the progress towards this direction.^{143,144} In parallel, another FSDC's report in 2024 also highlights how Hong Kong can play a catalytic role in scaling international carbon finance — expanding the scope of finance instruments to include climate-linked and RMB-denominated opportunities.¹⁴⁵

142 Ping An Insurance (Group) (2024, October 31). *China's pension reform creates opportunities for financial firms*.

<https://group.pingan.com/media/perspectives/2024/China-s-pension-reform-creates-opportunities-for-financial-firms.html>

143 HKMA. (2024, November 11). *HKMA and multilateral organisations enhance strategic partnership for climate investment in Asia (with photos)*.

<https://www.info.gov.hk/gia/general/202411/11/P2024110800648.htm>

144 HKMA. (2024, May 3). *HKMA announces details on extending the Green and Sustainable Finance Grant Scheme and expanding subsidy scope to cover transition finance instruments [Press release]*.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2024/05/20240503-9/>

145 FSDC. (2024, December). *Internationalising China's Carbon Market: The Role of Hong Kong as an International Financial Centre*. (FSDC Paper No. 67). <https://>

Mobilising insurance capital for long-term investment

Further supporting Hong Kong's role in long-term capital mobilisation is its mature life insurance sector, which represents a significant reservoir of patient capital. As highlighted in a paper on the insurance industry by the FSDC in March 2025,¹⁴⁶ unlocking the full potential of insurance capital could deliver long-term benefits across infrastructure, climate resilience, and innovation.

In 2023, the insurance sector accounted for 3.5% of GDP, managing nearly 10% of Hong Kong's assets under management. The life insurance market alone recorded HKD169.6 billion in long-term new business in the first three quarters of 2024, underlining the sector's scale and stability.¹⁴⁷ However, a key structural constraint remains asset-liability matching. Life insurers require long-duration assets to meet long-term obligations, but the local bond market offers limited supply beyond 20 years. In addition, many insurers rely on USD-denominated bonds, which introduces hedging costs and residual currency risks for non-USD liabilities. The Government's various efforts to further deepen the long-tenor segment of the local bond market can help to address the above. Notably, the Government launched the issuance of 20-year HKD Government bond in 2022, RMB Government bonds with 20- and 30-year tenors in 2024, and HKD Government bond with 30-year tenor in 2025.^{148,149,150} Expanding the supply of long-dated HKD and RMB bonds — particularly aligned with green and infrastructure projects — could further enhance insurers' ability to support long-term investment while deepening the local fixed income market.

The transition to a low-carbon economy also opens new avenues. Insurers are increasingly embedding sustainability principles into both investment and underwriting strategies. The introduction of the Risk-Based Capital (RBC) regime in 2024 marks a regulatory milestone for the insurance sector, which requires insurers to hold capital commensurate with their risk exposures. Under such a framework, insurers receive capital relief for green bond investments, and industry feedback supports the potential for these incentives to expand to green loans and broader transition finance products.¹⁵³ These considerations, as outlined in the FSDC's policy paper, provide a roadmap for enabling insurance capital to play a greater role in financing long-term development, promoting business diversification, and raising public awareness of sustainable finance.

When combined with pension reform efforts, they can foster a more resilient, diversified, and forward-looking capital market, reinforcing Hong Kong's position as a regional hub for purpose-driven, institutional capital.

www.fsd.org.hk/en/insights/internationalising-china-s-carbon-market-the-role-of-hong-kong-as-an-international-financial-centre

146 FSDC. (2025, March 27). Insuring Success: Enabling Sustainable Growth and Innovation to Cement Hong Kong's Role as a Premier Global Insurance Hub (FSDC Paper No. 68).

<https://www.fsd.org.hk/en/insights/insuring-success-enabling-sustainable-growth-and-innovation-to-cement-hong-kong-s-role-as-a-premier-global-insurance-hub>

147 Insurance Authority. (2024). Provisional statistics of long term business (January to September 2024) [Quarterly report].

<https://www.ia.org.hk/en/infocenter/statistics/files/3q24long.pdf>

148 HKMA. (2022, May 16). Tender of 20-year Government Bonds under the Institutional Bond Issuance Programme to be held on Wednesday, 25 May 2022 [Press release]. Hong Kong Government Bond Programme.

https://www.hkqb.gov.hk/en/news/press_20220516.html

149 HKMA. (2024, July 18). HKSAR Government's institutional green bonds offering [Press release].

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2024/07/20240718-5/>

150 HKMA. (2025, June 4) HKSAR Government's Institutional Green Bonds and Infrastructure Bonds Offering

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/06/20250604-5/>

151 HKMA. (2022, May 16). Tender of 20-year Government Bonds under the Institutional Bond Issuance Programme to be held on Wednesday, 25 May 2022 [Press release]. Hong Kong Government Bond Programme.

https://www.hkqb.gov.hk/en/news/press_20220516.html

152 HKMA. (2024, July 18). HKSAR Government's institutional green bonds offering [Press release].

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2024/07/20240718-5/>

153 Insurance Authority. (n.d.). An Overview of the Risk-based Capital Regime.

https://www.ia.org.hk/en/supervision/reg_insurers_lloyd/an_overview_of_the_risk_based_capital_regime.html

7.4 Powering the next market cycle with alternative assets

As Hong Kong advances its position as a global financial centre, asset management hub, and I&T powerhouse, the case for accelerating private market development is compelling. A more mature and inclusive private capital landscape will support homegrown ventures in scaling globally and also reinforce Hong Kong's position as an international hub where finance and innovation converge.

The FSDC's June 2025¹⁵⁴ report on alternative investments highlights the need to modernise Hong Kong's regulatory and tax frameworks to better support the alternative investment funds ecosystem. While recent reforms have made progress, existing frameworks — particularly those governing licensing, fund structures, and taxation — still impose frictions that limit flexibility and deter certain fund strategies, especially in venture capital and private credit given their differences in nature. Modernising these rules will be essential to supporting greater diversity and participation in fund activity.

Strengthening both public and private capital bases is essential. Initiatives like the Hong Kong Investment Corporation and the I&T Industry-Oriented Fund are catalysing investment in strategic sectors, but there is room to scale further. Increasing participation from domestic long-term investors, including the Mandatory Provident Fund, is equally important. As inflation and market volatility rise, retirement systems must diversify into higher-growth, income-generating assets. With appropriate safeguards, allowing targeted exposure to alternative assets — such as private equity, infrastructure, and private credit — can enhance long-term returns, reduce future reliance on public welfare, and align with global pension best practices.

Hong Kong's ability to position itself as a leading private capital hub will depend on how effectively it evolves its market infrastructure and product offerings to serve the needs of sophisticated global investors. The growth of bespoke fund structures, more flexible vehicles, and a deeper private credit market will be critical to closing financing gaps and supporting the scaling of homegrown companies.

Expanding investor access through tokenisation and digital platforms

Industry engagement has consistently highlighted the strategic potential of tokenisation and digital platforms to broaden investor access to private market opportunities. While Hong Kong has made meaningful progress in digital finance — most notably through the tokenisation of bonds and funds and the development of enabling policy and regulatory frameworks for digital assets — there is a growing viewpoint that the next phase could involve applying these capabilities to broaden access to alternative investments.

While online distribution platforms already facilitate private market transactions and fractional ownership is achievable through existing methods, tokenising private market assets has the potential to elevate the alternative asset landscape to the next level. By enabling lower investment thresholds and even real-time settlement of transactions, tokenisation may open private markets to a broader range of investors and enhance liquidity in asset classes that have historically been difficult to trade. It is important to note, however, that offering private products to the public would still require appropriate authorisation and regulatory approval.

¹⁵⁴ FSDC. (2025, June). Fuelling Startup Success: Attracting and Cultivating Home-based Alternative Investment Funds (FSDC Paper No.69). https://www.fsd.org.hk/media/0swjagjk/fsdc_69_fuelling-startup-success-attracting-and-cultivating-home-based-alternative-investment-funds.pdf

Global trends point to increasing momentum. EY forecasts that high-net-worth individuals could allocate up to 9% of their portfolios to tokenised assets by 2027.¹⁵⁵ S&P Global identifies private credit — a US\$1.7 trillion market — as especially primed for tokenisation,¹⁵⁶ given its opacity and lack of secondary liquidity. Tokenised private market assets can potentially enable more dynamic pricing, improved transparency, and efficient capital recycling — positioning Hong Kong as a regional hub for trading and settlement.

While the benefits are promising, the application of tokenisation to private markets and the emergence of digital asset usage raise important operational, legal, reserves and regulatory considerations. These include questions around valuation, investor protection, custody, taxation, and secondary market governance. As such, these proposals should be viewed as strategic areas for further study and structured experimentation, rather than immediate policy moves.

Architecting access: alternatives for a multi-asset nexus

Private markets are also a foundational pillar of any true capital marketplace — not peripheral innovations, but core inventory that must be accessible, trusted, and scalable across investor types. As global allocators increasingly turn to private equity, credit, infrastructure, and venture capital to meet long-duration return needs, Hong Kong must ensure these assets are seamlessly integrated into its financial system.

While alternative investments gain prominence in global portfolios, strategic priorities emerge:

- Can licensing, tax, and fund regimes evolve fast enough to accommodate diverse strategies without compromising regulatory integrity?
- What frameworks would allow long-term investors — especially pensions — to gain calibrated exposure to alternatives while meeting fiduciary standards?
- How can digital platforms and tokenisation expand access to private assets without reducing oversight or weakening price discovery?

These are not peripheral considerations but are central to market completeness. If Hong Kong is to lead the next phase of capital formation, private markets must be treated as structural infrastructure — integral to a multi-asset marketplace and to long-term competitiveness.

¹⁵⁵ EY. (2023, August 18). *How tokenization in asset management is driving meaningful opportunity*. https://www.ey.com/en_us/insights/financial-services/tokenization-in-asset-management

¹⁵⁶ S&P Global (2024). *Tokenized Private Credit: A New Digital Frontier for Real World Assets*. <https://www.spglobal.com/en/research-insights/special-reports/tokenized-private-credit>



Conclusion

Conclusion

So, let us return to the vision we began with. Imagine Hong Kong, not as a concept, but as a reality we are building together. We have already done the hard work of establishing the pillars — our Connect schemes, our evolving CMU, our resilient listing platform, our robust debt market, our strong offshore RMB business capabilities, and a diverse community of investors across both retail and institutional segments. The path ahead is clear.

It is a path of enhancement, not overhaul. It requires us to sharpen our advantages, to weave our strong individual threads into an unbreakable tapestry of financial innovation. By doing so, we will realise this vision: a market that serves the long-term economic security of China's families and international savers, and empowers the growth of enterprises from every corner of the globe.

The future is not something we enter; it is something we create together.



Appendix

Appendix 1: From origins to opportunity — How capital markets evolve and why it matters

Assessing through a multi-dimensional perspective: scope, structure, and core constituents

At its essence, a capital market provides a sophisticated infrastructure through which economies mobilise, allocate, and transform capital, supporting risk management and driving sustainable economic growth. A contemporary capital market operates as a multi-layered system of institutions, instruments, and mechanisms that enables the efficient formation, transfer, and pricing of capital across both long- and short-term horizons. To provide a meaningful assessment, it is essential to view capital markets through three integrated and mutually reinforcing dimensions:

- **The capital formation and circulation continuum:** Encompasses both **primary markets**, where corporations, governments, and supranational entities raise funds through new issuance, and **secondary markets**, which provide liquidity and transparent price discovery for existing instruments. These functions are tightly interwoven with money markets and foreign exchange platforms, which play a critical role in managing liquidity, funding costs, and currency risks, ensuring that capital can move across borders and time horizons. These boundaries are increasingly porous among advanced financial centres, with issuers and investors continuously optimising their strategies across primary, secondary, and funding markets.
- **The asset class spectrum:** Reflects the breadth of financial instruments a market offers. This encompasses **equities market**, which gives companies access to permanent capital and provides investors with exposure to corporate growth; **fixed income instruments**, such as government and corporate bonds, which deliver stable funding and income streams; and a **wide array of derivatives**, which enable sophisticated risk transfer and trading strategies. Moreover, the landscape is expanding rapidly to include **alternative assets** — private equity, venture capital, hedge funds, real estate, infrastructure, and digital assets, that attract capital seeking diversification and differentiated returns. The ability of a market to innovate and integrate new asset classes is a key marker of its dynamism and global relevance.
- **The participant and infrastructure ecosystem:** Forms the connective foundation of the capital market, which can be broadly divided into the buy side and sell side. At its core, the capital market serves as a platform that connects a diverse array of issuers — including corporations, governments, and supranational entities — across industries and geographies, enabling them to raise capital by bringing new securities to market. In this context the **buy side** encompasses institutional investors such as pension funds, sovereign wealth funds, insurance companies, mutual funds, hedge funds, and increasingly, family offices and high-net-worth individuals, entities whose core function is to deploy capital with the objective of generating returns and managing risk for beneficiaries or clients. The **sell side**, by contrast, comprises investment banks, securities firms, brokers, and dealers, whose primary role is to facilitate issuances, provide market liquidity, and structure financial products. The interplay between buy side and sell side participants is fundamental to market efficiency: the sell side originates, structures, and intermediates transactions, while the buy side drives demand, sets pricing, and brings depth to the market. Both segments are supported by a sophisticated infrastructure of exchanges, clearinghouses, custodians, and increasingly, digital platforms that ensure secure and efficient market functioning. Overarching this ecosystem, regulators and policymakers establish the frameworks that safeguard market integrity, protect investors, and maintain systemic stability.

This multidimensional framework forms the basis for assessing both the current state and the future trajectory of

Hong Kong's capital markets. While the core elements described above have long defined market architecture, it is clear that recent years have brought profound shifts. The emergence of digital assets, the growing prominence of sustainable and thematic investing, and rapid advances in financial technology are reshaping how market participants interact, allocate capital, and manage risk. These trends are driving new forms of innovation and connectivity, yet the fundamental dimensions and relationships outlined above remain central to market vitality. With this integrated perspective, we are better trace the evolution of capital markets through a historical lens — understanding how enduring foundations have adapted, and where new forces are redefining the landscape.

Foundations: The evolution of capital markets

Against the backdrop of accelerating global rivalry, a return to first principles reveals the enduring drivers of capital market effectiveness and leadership. At their core, capital markets are purpose-built systems that mobilise savings and channel them towards the most productive frontiers — be that breakthrough technology, critical infrastructure, or the next generation of high-growth enterprises. As Obstfeld (2011) notes, international capital markets allow “world savings to flow to their most productive uses, irrespective of location,” amplifying global investment and innovation.¹⁵⁷

Capital markets' strategic functions go far beyond simple trading. They allocate capital with precision by connecting global investors to the most viable projects and companies; they underpin price discovery through transparent, real-time mechanisms that build trust and discipline into the system; and they enable participants to manage risk across borders and cycles, from currency swaps to private market structures.

The historical arc of capital market evolution is a story of relentless adaptation. From early trading venues in Antwerp and Amsterdam, where they were more than marketplaces, and may be perceived as laboratories for financial innovation. The watershed moment came in 1602 with the Dutch East India Company, the world's first listed corporation, which brought forth modern concepts like fixed capital stock, large-scale public ownership, and market capitalisation that would reach, in today's terms, nearly US\$8 trillion.^{158,159} The Amsterdam Stock Exchange pioneered not just equity trading, but also derivatives, futures, dividend distribution, and short selling — tools that remain foundational to today's markets.

The Industrial Revolution fundamentally altered capital market structures as entrepreneurs required substantial funding for larger-scale projects. The evolution progressed from simple single-company stocks or debt to increasingly structured debt instruments and multi-asset ecosystems.¹⁶⁰ The twentieth century added regulatory frameworks, risk management innovations, and, crucially, technology, transforming exchanges into global infrastructure providers. Today, capital markets are vast, interconnected ecosystems spanning equities, debt, alternatives, and digital assets, enabling cross-border flows and supporting an extraordinary array of investment strategies at unmatched scale and speed.

157 Obstfeld, M. (1998). *The Global Capital Market: Benefactor or Menace?* Journal of Economic Perspectives, 12(4), 9–24. <https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.12.4.9>

158 Gelderblom, O., & Jonker, J. (2004). Completing a financial revolution: the finance of the Dutch East India trade and the rise of the Amsterdam capital market, 1595–1612. *The journal of economic history*, 64(3), 641–672.

159 Foster Moore. (2025). The legacy of the Dutch East India Company: Pioneering finance, governance, and trade. <https://www.fostermooore.com/news/the-legacy-of-the-dutch-east-india-company#:~:text=Founded%20in%201602%2C%20it%20became,of%20global%20wealth%20and%20economies>.

160 Wankel, C. (Ed.). (2009). Global capital market. In *Encyclopedia of Business in Today's World* (Chapter 441). SAGE Publications. <https://sk.sagepub.com/ency/edvol/embed/businesstoday/chpt/global-capital-market>

This evolution is not merely academic; it underpins the competitive positioning of leading global financial centres. Ultimately, the modern capital market stands as both an engine of economic prosperity and a testament to the power of open, competitive, and adaptive systems, imperatives that define leadership for Hong Kong and its peers.

The expanding role of capital markets

Modern capital markets have evolved into strategic assets of an economy's competitiveness and societal advancement. While metrics like capital raised and trading volume offer tangible benchmarks, it is the enduring influence of capital markets that ultimately drives frontier innovation and collective resilience. Leading economies distinguish themselves not only by technological and productive strength, but by capital markets that allocate funds with agility, transparency, and purpose, driving the emergence of new industries and supporting the rapid commercialisation of transformative ideas. In this context, capital markets serve as active architects of economic direction and resilience.

Today, capital markets are also central to advancing sustainability and public policy agendas. The widespread adoption of green bonds, transition finance, and sustainability-linked instruments also influenced capital allocation, directing investment into climate adaptation, infrastructure, and social priorities at a scale that outpaces traditional government channels. Governments and central banks now depend on the dynamism and depth of markets to deliver large-scale projects, transmit policy, and maintain financial stability, especially in periods of stress when diversified funding sources are essential. For global financial centres such as Hong Kong, the imperative is to foster market agility and innovation that can finance the next wave of economic transformation, ensuring enduring relevance amid intensifying competition for capital, talent, and trust.

Appendix 2 — Key developments of HKEX since 2018^{161,162}

- 2018 — Listing Regime Reform:
 - Chapter 18A: Pre-revenue/pre-profit biotech companies
 - Chapter 8A: Issuers with Weighted Voting Rights (WVR) structures
 - Chapter 19C: Secondary listings for innovative issuers with primary listings on qualifying exchanges

These reforms opened the door for new economy champions such as Xiaomi and Meituan to list in Hong Kong, positioning the city as a global hub for technology and innovation-led listing

- 2020–2022 — ESG and Market Infrastructure: Launch of STAGE, Asia's first multi-assets sustainable investment product platform; rollout of Core Climate, Hong Kong's international voluntary carbon marketplace
- 2021 — Enhancing the listing regime for overseas issuers: enhanced and streamlined Rules for issuers listed overseas seeking “homecoming” listings in Hong Kong, and provided guidance on change of listing status from a secondary listing to a dual primary or primary listing
- 2022 — SPAC Regime (Chapter 18B): Tailored listing route for SPACs targeting Professional Investors with a minimum fundraising size, PIPE investment requirements, and suitability checks for promoters
- 2023 — Specialist Technology Chapter (Chapter 18C): Implementation of Chapter 18C, a dedicated regime tailored for IP-intensive and R&D-driven firms in sectors including AI, semiconductors, robotics, green tech, and advanced materials. The framework includes a two-tier structure:
 - Commercial companies (≥HK\$250m revenue)
 - Pre-commercial companies (<HK\$250m revenue) subject to more stringent safeguards

This aligns with national industrial policy and supports cross-border capital flows into strategic innovation areas

- 2023 — FINI: Launch of the FINI platform to digitise IPO settlement. Reduced the settlement cycle from T+5 to T+2, enhancing efficiency, transparency, and risk mitigation across the IPO settlement process
- 2023–2024 — Stock Connect and Swap Connect expansions: Significant expansions in Stock Connect and Swap Connect, including:
 - Broader eligibility for Southbound and Northbound trading
 - Cross-border access to interest rate derivatives, contributing to market depth and RMB internationalisation

161 HKEX. (n.d.). HKEX milestones. https://www.hkexgroup.com/About-HKEX/About-HKEX/HKEX-Milestones?sc_lang=en

162 HKEX. (2024, December 12). HKEX to introduce new post-trade services on Orion Cash Platform [News release] https://www.hkex.com.hk/News/News-Release/2024/241212news?sc_lang=en

- 2024 — Severe Weather Trading, enabling normal operation of Hong Kong securities and derivatives markets during typhoons and black rainstorms — reinforcing Hong Kong's operational resilience and market stability
- 2024 — Temporary Modifications to Chapter 18B and 18C: Three-year temporary modifications to certain requirements introduced to enhance flexibility while maintaining safeguards
- 2025 — TECH Channel and Enhanced Listing Timelines: Dedicated Technology Enterprises Channel (TECH) launched for biotech and specialist tech firms, with confidential filing option and enhanced support
- 2025 (Planned) — Orion Cash and T+1 Settlement: Real-time post-trade capabilities and T+1 readiness expected by end-2025 to align with global best practices

Appendix 3 — Policy evolution and recent developments

The evolution of the WVR regime must also be understood in the context of broader listing policy developments:

- In 2021, HKEX removed the “innovative company” requirement for secondary listings of overseas issuers without WVR structures to facilitate good quality issuers operating in traditional industries to secondary list in Hong Kong.¹⁶³
- In 2020, HKEX launched a public consultation on extending WVR eligibility to corporate shareholders, such as ecosystem-building investors. The proposal included stringent safeguards: a corporate WVR beneficiary must have a minimum market cap of HK\$200 billion and a demonstrable business ecosystem.¹⁶⁴ While no final framework has been implemented, the consultation reflected ongoing interest in recognising the role of institutional innovation leadership.
- Under Chapters 18A (Biotech) and 18C (Specialist Technology), the Exchange already accepts more flexible listing conditions for companies with high R&D intensity or IP-driven business models. These companies are, in some cases, presumed to meet the “innovative company” test when seeking to list with WVR.¹⁶⁵
- Additionally, since 2018, the HKEX has required robust investor protection mechanisms for WVR listings, including:¹⁶⁶
 - o A dedicated Corporate Governance Committee composed entirely of independent non-executive directors,
 - o A permanent compliance adviser from the date of listing,
 - o Mandatory training for directors and senior management on WVR-specific risks, and
 - o A visual stock marker (“W”) to clearly identify WVR issuers.

These measures have helped address concerns over shareholder rights and have contributed to growing market confidence in the regime.

- The HKEX has also allowed corporate WVR beneficiaries in the context of secondary listings of certain Greater China companies listed in the U.S

These developments reflect a broader global trend, as international exchanges recalibrate their listing regimes to better accommodate innovation-led and founder-driven issuers. The approach in Hong Kong is increasingly differentiated by sector and business model, especially as new industries emerge with unique capital formation needs.

¹⁶³ Mayer Brown. (2021, November 29). *HKEx announces rule changes to attract overseas issuers — especially Greater China issuers.*

<https://www.mayerbrown.com/en/insights/publications/2021/11/hkex-announces-rule-changes-to-attract-overseas-issuers-especially-greater-china-issuers>

¹⁶⁴ HKEX. (2020, October). Consultation conclusions: Corporate WVR beneficiaries.

[https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/January-2020-Corporate-WVR/Conclusions-\(Oct-2020\)/cp202001cc.pdf](https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/January-2020-Corporate-WVR/Conclusions-(Oct-2020)/cp202001cc.pdf)

¹⁶⁵ HKEX. (2021). Blackline comparison for consultation conclusions on listing regime for overseas issuers.

[https://en-rules.hkex.com.hk/sites/default/files/net_file_store/Blackline_\(EN\).pdf](https://en-rules.hkex.com.hk/sites/default/files/net_file_store/Blackline_(EN).pdf)

¹⁶⁶ Tricor Group. (2021, July 23). Weighted voting rights — Reforms underpin Hong Kong’s position as a leading capital market.

<https://www.tricorglobal.com/blog/weighted-voting-rights-reforms-underpin-hong-kongs-position-as-a-leading-capital-market>

Appendix 4 — Global jurisdictional comparison on WVR framework¹⁶⁷

Requirement	US New York Stock Exchange	US NASDAQ (Global Select Market)	UK ESCC category (after listing reform) ¹⁶⁸	PRC			Singapore Mainboard	Hong Kong Main Board
				SSE and SZSE Main Board	STAR Market	ChiNext Board		
Financial Eligibility¹⁶⁹								
Specified financial threshold for WVR issuers?	No	No	No	Yes			No	Yes
Financial eligibility	<p>For Domestic Companies — issuer has to meet one of the following two tests:</p> <p>(i) <u>Earnings Test</u>¹⁷¹</p> <ul style="list-style-type: none"> Aggregate profit for last three fiscal years ≥ US\$10 million¹⁷² (HK\$78 million), with positive profit each year¹⁷³; Profit for each of the last two fiscal years ≥ US\$2 million (HK\$15.6 million); and <p>(ii) <u>Global Market Capitalisation Test</u>¹⁷⁴</p> <ul style="list-style-type: none"> ≥ US\$200 million (HK\$1.56 billion) in global market capitalisation¹⁷⁵ 	<p>Issuers must satisfy one of the four tests:</p> <p>(i) <u>Earnings Test</u>¹⁷⁶</p> <ul style="list-style-type: none"> Aggregate profit¹⁷⁷ for last three fiscal years ≥ US\$11 million (HK\$85.8 million), with positive profit each year; Profit for each of the last two fiscal years ≥ US\$2.2 million (HK\$17.16 million); and <p>(ii) <u>Capitalisation with Cash Flow Test</u>¹⁷⁸</p> <ul style="list-style-type: none"> Aggregate cash flows for last three fiscal years ≥ US\$27.5 million (HK\$214.5 million), with positive cash flow for each year; Average market capitalisation ≥ US\$550 million (HK\$4.29 billion) over last 12 months; Revenue for last fiscal year ≥ US\$110 million (HK\$858 million) 	<p>Market capitalisation ≥ £30 million (HK\$310.5 million)</p>	<p>Issuers must satisfy one of the two tests:</p> <ul style="list-style-type: none"> Estimated market capitalisation ≥ RMB20 billion (HK\$21.4 billion), and positive net profit for the last year; or Estimated market capitalisation ≥ RMB10 billion (HK\$10.7 billion), positive net profit and revenue ≥ RMB1 billion (HK\$1.07 billion) for the last year¹⁷⁹ 	<p>Issuers must satisfy one of the two tests:</p> <ul style="list-style-type: none"> Estimated market capitalisation ≥ RMB10 billion (HK\$10.7 billion); or Estimated market capitalisation ≥ RMB5 billion (HK\$5.35 billion), and revenue ≥ RMB500 million (HK\$535 million) for the last year¹⁸⁰ 	<p>Issuers must satisfy one of the following admission criteria¹⁸¹:</p> <p>(i) <u>Market capitalisation/net profit/return on equity (ROE)</u></p> <ul style="list-style-type: none"> Market cap ≥ RMB200 million (HK\$214 million); Net profit ≥ RMB15 million (HK\$16.05 million) for each of the last two years; or net profit ≥ RMB25 million (HK\$26.75 million) for the last year; and Weighted average ROE ≥ 8% <p>(ii) <u>Market capitalisation/revenue/operating cash flows</u></p> <ul style="list-style-type: none"> Market capitalisation ≥ RMB400 million (HK\$428 million); Average revenue ≥ RMB100 million (HK\$107 million) for the last two years, and revenue growth rate ≥ 30% for the last year; and Positive net operating cash flows for the last year 	<p>Issuers must satisfy one of admission criteria¹⁸²:</p> <ul style="list-style-type: none"> Minimum consolidated pre-tax profit ≥ S\$30 million (HK\$160 million) for the latest financial year with operating track record ≥ 3 years; or Market capitalisation ≥ S\$150 million¹⁸³ (HK\$900 million) with positive profit for the last year; or Market capitalisation ≥ S\$300 million (HK\$1.8 billion), with operating revenue (actual or pro forma) for last year 	<p>Issuers must satisfy one of the two tests:</p> <ul style="list-style-type: none"> Market cap ≥ HK\$40 billion; or HK\$10 billion with revenue of a least HK\$1 billion for the most recent audited financial year¹⁸⁴ <p><i>Note: An issuer with a WVR structure applying for a secondary listing must also have track record of good regulatory compliance of at least 2 full financial years on a Qualifying Exchange¹⁸⁵</i></p>

167 HKEX

168 New UK Listing Rules (**UKLR**) became effective from 29 July 2024 and applicable for issuers or applicants in the “Equity shares (commercial companies)” (**ESCC**) category of the Main Market of the London Stock Exchange. The listing reform was implemented following public consultation and the publication of PS24/6: Primary Markets Effectiveness Review: Feedback to CP23/31 and final UK Listing Rules (**PS24/6**).

169 The currency conversions are as follows: (1 US\$ = 7.8 HKD); (1 GBP = 10.35 HKD); (1 RMB = 1.07 HKD); (1 SGD = 6 HKD) – all values taken as of 12 May 2025.

170 Section 102.01C(I) of NYSE Listed Company Manual.

171 Can be lowered to two years if a company is an Emerging Growth Company under the JOBS Act and has: (i) only filed two years of financial statements and (ii) if the pre-tax earnings is at least US\$10 m in aggregate for the last two fiscal years together with a minimum of US\$2 m in each year.

172 If there is a loss in the third year, a minimum of aggregate profit of US\$12 million is required, with at least US\$5 million in the most recent fiscal year, and US\$2 million in the next most recent fiscal year.

173 Section 102.01C(II) of NYSE Listed Company Manual.

174 Existing public companies must meet the minimum global market capitalisation for a minimum of 90 consecutive trading days prior to receipt of clearance to make application to list.

175 NASDAQ Rules 5315(e) and 5315(f)(3)(B).

176 References to profit in this column means profit before tax (income from continuing operations before income taxes).

177 NASDAQ Rules 5315(e) and 5315(f)(3)(B).

178 SSE Main Board Listing Rule 3.1.6 and SZSE Main Board Listing Rule 3.1.6.

179 SSE STAR Market Listing Rule 2.1.4 and SZSE ChiNext Board Listing Rule 2.1.4.

180 BSE Listing Rule 2.1.3.

181 SGX Mainboard Rule 210(2).

182 Market capitalisation is calculated based on the issue price and post-invitation issued share capital.

183 MB Rule 8A.06.

184 MB Rule 19C.04. Qualifying Exchange means The New York Stock Exchange LLC, Nasdaq Stock Market or the Main Market of the London Stock Exchange plc (and belonging to the UK Financial Conduct Authority’s “Premium Listing” segment).

Requirement	US New York Stock Exchange	US NASDAQ (Global Select Market)	UK ESCC category (after listing reform) ¹⁸⁵	PRC				Singapore Mainboard	Hong Kong Main Board
				SSE and SZSE Main Board	STAR Market	ChiNext Board	Beijing Stock Exchange		
	<p>For Non-US Companies (Foreign Private Issuers) — issuer may follow domestic standards above or any one of the alternative tests below:</p> <p>(i) <u>Earnings Test</u>¹⁸⁶:</p> <ul style="list-style-type: none"> Aggregate adjusted pre-tax earnings for last three fiscal years \geqUS\$100 million¹⁸⁷ (HK\$780 million); and Each of the two most recent fiscal years adjusted pre-tax earnings \geqUS\$25 million (HK\$195 million) <p>(ii) <u>Valuation/revenue with cash flow test</u>¹⁸⁸:</p> <ul style="list-style-type: none"> Aggregate adjusted cash flow for last three fiscal years \geqUS\$100 million (HK\$780 million); Each of the two most recent fiscal years adjusted cash flow \geqUS\$25 million (HK\$195 million); \geqUS\$500 million (HK\$3.9 billion) in global market capitalisation; and \geqUS\$100 million (HK\$780 million) in revenue for most recent 12-month period <p>(iii) <u>Pure valuation/revenue test</u>¹⁸⁹:</p> <ul style="list-style-type: none"> \geqUS\$750 million (HK\$5.85 billion) in global market capitalisation; and \geqUS\$75 million (HK\$585 million) in revenue during most recent fiscal year <p>(iv) <u>Affiliated company test</u>¹⁹⁰:</p> <ul style="list-style-type: none"> \geqUS\$500 million (HK\$3.9 billion) in global market capitalisation; and \geq12 months of operating history 	<p>(iii) <u>Capitalisation with Revenue Test</u>¹⁹¹</p> <ul style="list-style-type: none"> Average market capitalisation \geqUS\$850 million (HK\$6.63 billion) over prior 12 months; and Revenue for last fiscal year \geqUS\$90 million (HK\$702 million) <p>(iv) <u>Assets with Equity Test</u>¹⁹²</p> <ul style="list-style-type: none"> Market capitalisation \geqUS\$160 million (HK\$1.248 billion); Total assets \geqUS\$80 million (HK\$624 million) for last fiscal year; and Stockholder's equity \geqUS\$55 million (HK\$429 million) for last fiscal year 				<p>(iii) <u>Market capitalisation/revenue/research and development (R&D) expenditures</u></p> <ul style="list-style-type: none"> Market capitalisation \geq RMB800 million (HK\$856 million); Revenue \geq RMB200 million for the last year (HK\$214 million); and Total R&D expenditures representing \geq 8% of total revenue for the last two years <p>(iv) <u>Market capitalisation/R&D expenditures</u></p> <ul style="list-style-type: none"> Market capitalisation \geq RMB1.5 billion (HK\$1.605 billion); and Total R&D expenditures \geq RMB500 million (HK\$535 million) for the last two years 			

185 Section 103.01B(I) of NYSE Listed Company Manual.

186 Can be lowered to two years if a company is an Emerging Growth Company under the JOBS Act and has: (i) only filed two years of financial statements and (ii) if the pre-tax earnings is at least US\$10 m in aggregate for the last two fiscal years together with a minimum of US\$2 m in each year.

187 Section 103.01B(II)(a) of NYSE Listed Company Manual.

188 Section 103.01B(II)(b) of NYSE Listed Company Manual.

189 Company's parent or affiliated company is a listed company in good standing, and the company's parent or affiliated company retains control of the entity or is under common control with the entity. Section 103.01B(III) of NYSE Listed Company Manual.

190 NASDAQ Rules 5315(e) and 5315(f)(3)(C).

191 NASDAQ Rules 5315(e) and 5315(f)(3)(D).

Requirement	US New York Stock Exchange	US NASDAQ (Global Select Market)	UK ESCC category (after listing reform) ¹⁹⁹	PRC				Singapore Mainboard	Hong Kong Main Board
				SSE and SZSE Main Board	STAR Market	ChiNext Board	Beijing Stock Exchange		
Suitability/Non-financial eligibility requirements									
Innovativeness	N/A	N/A	N/A	N/A	N/A ¹⁹³	N/A ¹⁹⁴	N/A ¹⁹⁵	N/A ¹⁹⁶	<ul style="list-style-type: none"> Must demonstrate it is an innovative company¹⁹⁷ <p><i>Note: Applicable to all WVR applicants (including a Grandfathered Greater China Issuer (GCC)) or a Non-Greater China Issuer (NGCI).</i></p>
High business growth of issuers	N/A	N/A	N/A	N/A				Business and track record of the issuer as a factor to be considered in suitability assessment	<ul style="list-style-type: none"> Must demonstrate a track record of high business growth¹⁹⁸ and its high growth trajectory is expected to continue <p><i>Note: Applicable to WVR applicants other than GCCs and NGCIs.</i></p>
Role and Contribution of WVR beneficiary	N/A	N/A	N/A	<ul style="list-style-type: none"> Must be a director or his/her controlled entity before and after listing¹⁹⁷ Must have a material contribution to the issuer's development or performance growth¹⁹⁸ 			N/A	<ul style="list-style-type: none"> Must be appointed as a director¹⁹⁹ Role and contribution of WVR beneficiary as a factor to be considered in suitability assessment 	<ul style="list-style-type: none"> Must be a director at time of listing Must have an active executive role within the business Must have been materially responsible for the growth of the business²⁰⁰ <p><i>Note: Applicable to WVR applicants other than GCCs and NGCIs.</i></p>
External validation	N/A	N/A	N/A	N/A				<ul style="list-style-type: none"> Participation by sophisticated investors as a factor to be considered in suitability assessment 	<ul style="list-style-type: none"> Meaningful third-party investment from ≥1 sophisticated investor²⁰¹; Such investors must retain aggregate 50% of their investment at listing for ≥6 months post-IPO²⁰² <p><i>Note: Applicable to WVR applicants other than GCCs and NGCIs.</i></p>

192 Although there is no specific innovativeness requirement imposed on WVR issuers applying to list on STAR Market, all applicants (irrespective of WVR issuers) have to be engaged in certain hard-tech industries and strategic emerging industries, including new generation information technology, advanced equipment, new materials and energy, energy conservation, environment protection, and biomedicine.

193 Although there is no specific innovativeness requirement imposed on WVR issuers applying to list on ChiNext, the market targets issuers that are growth-oriented innovation and entrepreneurship enterprises. Companies with deep integration of traditional industries with new technologies, new industries, new business forms and new models may also qualify.

194 Although there is no specific innovativeness requirement imposed on WVR issuers applying to list on BSE, the stock exchange targets innovation-oriented small and medium-sized enterprises.

195 The SGX's WVR listing regime does not target innovative companies only. The SGX will undertake a holistic assessment of the suitability for listing of an issuer with a WVR structure, including an issuer's business model, operating track record, the role and contribution of holders of MV shares, participation by sophisticated investors and other features of the company or business that requires a DCS structure participation by sophisticated investors and other features of the company or business that requires a DCS structure. In its consultation conclusion paper on DCS structure, the SGX mentioned that they intended to formalise a guidance on the suitability factors, but there has been no such publication yet.

196 An applicant would be expected to possess more than one of the following features: (a) its success is demonstrated to be attributable to the application to, its core business, of (i) new technologies; (ii) innovations; and/or (iii) a novel business model distinguishing it from existing players; (b) research and development is a significant contributor of its expected value and constitutes major activity and expense; (c) its success is demonstrated to be attributable to unique features or intellectual properties; and/or it has an outsized market capitalisation /intangible asset value relative to its tangible asset value. See paragraph 4 of Chapter 2.2 of HKEX Guide for New Listing Applicants for more details.

197 The high growth can be objectively measured by operational metrics such as business operations, users, customers, unit sales, revenue, profits and/or market value (as appropriate).

198 SSE Main Board Listing Rule 4.6.3, SZSE Main Board Listing Rule 4.6.3, SSE STAR Market Listing Rule 4.5.3 and SZSE ChiNext Board Listing Rule 4.4.3.

199 SSE Main Board Listing Rule 4.6.3, SZSE Main Board Listing Rule 4.6.3, SSE STAR Market Listing Rule 4.5.3 and SZSE ChiNext Board Listing Rule 4.4.3.

200 In the case of a permitted holder group, a responsible director must be appointed for the permitted holder group. "Permitted holder group" means a group of persons or an entity permitted to hold multiple voting shares in accordance with SGX Mainboard Rule 210(10), and includes a holder of multiple voting shares.

201 By way of his skills, knowledge and/or strategic direction in circumstances where the value of the company is largely attributable or attached to intangible human capital.

Requirement	US New York Stock Exchange	US NASDAQ (Global Select Market)	UK ESCC category (after listing reform) ²⁰²	PRC				Singapore Mainboard	Hong Kong Main Board
				SSE and SZSE Main Board	STAR Market	ChiNext Board	Beijing Stock Exchange		
Safeguards									
Ownership of WVR shares	N/A	N/A	WVR beneficiary ²⁰³ must be, at the time of listing application, the issuer's: <ul style="list-style-type: none"> • Director • Individual shareholder or employee • Pre-IPO institutional/corporate investor (e.g. private equity funds) • Sovereign controlling shareholder²⁰⁴ 	<ul style="list-style-type: none"> • WVR beneficiary must be a director or his/her controlled entity before and after listing • WVR beneficiaries must beneficially own collectively ≥10% of an issuer's total issued voting shares²⁰⁵ 	N/A	<ul style="list-style-type: none"> • WVR beneficiary must be a director 	<ul style="list-style-type: none"> • WVR beneficiary must be a director at listing²⁰⁶ • Following the director's death, the WVR attached to his shares will cease²⁰⁷ • WVR beneficiaries must beneficially own collectively ≥10% economic interest of an issuer at listing²⁰⁸ <p><i>Note: Applicable to WVR applicants other than GCCIs and NGCIs.</i></p>		
Sunset period	• N/A	• N/A	• WVR shares held by institutional/corporate investors are subject to a 10-year sunset period from initial listing ²⁰⁹	N/A				N/A	N/A
Voting power	N/A	N/A	• No cap on voting power for WVR shareholder ²¹⁰	<ul style="list-style-type: none"> • ≤10:1 for WVR shareholder²¹¹ • Non-WVR shareholders must hold ≥10% voting right²¹² 	<ul style="list-style-type: none"> • No specified cap on voting power • Non-WVR shareholders must hold ≥10% voting right²¹³ 	<ul style="list-style-type: none"> • ≤10:1 for WVR holder²¹⁴ • Non-WVR shareholders must hold ≥10% voting right²¹⁵ 	<ul style="list-style-type: none"> • ≤10:1 for WVR shareholder²¹⁶ • Non-WVR shareholders must hold ≥10% voting right²¹⁷ <p><i>Note: Applicable to WVR applicants other than GCCIs and NGCIs.</i></p>		
Share class- based WVR requirement	N/A	N/A	• N/A	• N/A	• All WVR shares must carry the same voting power ²¹⁸	• Only allow one class of shares attached with WVR ²¹⁹	• Only allow one class of shares attached with WVR ²²⁰	<p><i>Note: Applicable to WVR applicants other than GCCIs and NGCIs.</i></p>	

202 The Exchange considers an investor to be sophisticated with reference to factors such as net assets or assets under management, relevant investment experience, and the investor's knowledge and expertise in the relevant field.

203 For Non-GGCI issuers seeking dual/secondary listing, "External Validation" refers to ensuring that there has been no substantial change in the WVR structure since listing on the relevant Qualifying Exchange. For other issuers that have primary listing, they should consult the Exchange at an early stage if it has difficulties complying with the requirements under "External Validation".

204 UKLR 5.4.5R(1). Before listing reform, a WVR beneficiary must be a director, or following the director's death, a beneficiary of his / her estate.

205 A State which exercises or controls 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the company.

206 SSE Main Board Listing Rule 4.6.3, SZSE Main Board Listing Rule 4.6.3, SSE STAR Market Listing Rule 4.5.3 and SZSE ChiNext Board Listing Rule 4.4.3.

207 MB Rule 8A.11.

208 MB Rule 8A.17.

209 MB Rule 8A.12.

210 No maximum sunset period is imposed on WVR shares held by individuals. See UKLR 5.4.5R(2). Before the listing reform, WVR shares held by a WVR beneficiary (which must be a director) are subject to a five-year sunset period.

211 Before the listing reform, the voting power is capped at 20 times.

212 SSE Main Board Listing Rule 4.6.4, SZSE Main Board Listing Rule 4.6.4, SSE STAR Market Listing Rule 4.5.4 and SZSE ChiNext Board Listing Rule 4.4.4.

213 SSE Main Board Listing Rule 4.6.7, SZSE Main Board Listing Rule 4.6.6, SSE STAR Market Listing Rule 4.5.7 and SZSE ChiNext Board Listing Rule 4.4.6.

214 BSE Listing Rule 4.4.9.

215 SGX Mainboard Rule 210(10)(d).

216 SGX Mainboard Rule 210(10)(h).

217 MB Rule 8A.10.

218 MB Rule 8A.09.

219 SSE Main Board Listing Rule 4.6.4, SZSE Main Board Listing Rule 4.6.4, SSE STAR Market Listing Rule 4.5.4 and SZSE ChiNext Board Listing Rule 4.4.4.

220 See paragraph 1.4 of the SGX's Responses to Comments on Consultation Paper Proposed Listing Framework for Dual Class Share Structures dated 26 June 2018. It states that an issuer with a dual-class share structure will only be allowed to introduce a single class of multiple voting shares under the framework.

221 MB Rule 8A.07.

Appendix 5 — Selected market and regulatory insights

Background on “qualifying exchange” and access pathways for secondary listings

Under the current Listing Rules, overseas issuers seeking a secondary listing on the Main Board with a WVR structure must have a primary listing on a “Qualifying Exchange”. As defined, this includes the New York Stock Exchange, the Nasdaq Stock Market, or the Main Market of the London Stock Exchange (within its UK Financial Conduct Authority “Premium Listing” segment). This requirement does not apply to issuers seeking a secondary listing without a WVR structure, although such applications may be subject to additional review if the issuer has a centre of gravity in Greater China.

This framework reflects a set of baseline expectations around regulatory comparability and investor protection. It also helps facilitate reliance on the regulatory regime of the issuer’s home jurisdiction, given that secondary listings are primarily governed by the rules of the issuer’s primary exchange. That said, as global listing practices evolve and as more innovation-led companies explore cross-border capital raising, the current definition of “Qualifying Exchange” may merit further consideration.

For example, some exchanges that are currently classified as “Recognised Stock Exchanges” but not “Qualifying” may feature governance standards or disclosure regimes that could be substantively consistent with Hong Kong’s expectations. In light of this, there may be scope for structured dialogue on how the “Qualifying Exchange” designation is applied in practice — particularly where overseas issuers demonstrate strong compliance records and investor safeguards.

The table below summarises the key requirements for secondary listings with or without a WVR structure:²²²

	Without WVR		WVR
Stock exchange of primary listing	Recognised stock exchange	Qualifying Exchanges	Qualifying Exchanges
Centre of gravity in Greater China	Generally Prohibited	Permitted	Permitted
“Innovative Company” Requirement	Not required		Required
Minimum market cap at listing	HK 3 billion	HK 3 billion	HK40 billion or HK10 billion and revenue of at least HK1 billion for the most recent audited financial year
Minimum track record on Primary exchange	5 years of listing with good compliance record	5 years of listing with good compliance record (or 2 years of listing with good compliance record if its market capitalisation has at least HK\$ 10 billion at the time of Listing)	2 years of listing with good compliance record

²²² HKEX. (n.d.). Secondary listings in Hong Kong.

https://www.hkex.com.hk/Listing/Rules-and-Guidance/Listing-of-Overseas-Companies/Secondary-Listings-in-Hong-Kong?sc_lang=en

Shareholder classification in the context of WVR structures

The implementation of the WVR regime in Hong Kong has introduced important flexibility for certain issuers, particularly those with innovative business models or dual-listing ambitions. As the market becomes more familiar with these structures, some practical questions may also worth further exploration regarding how investors in WVR issuers are classified under the Listing Rules, especially in the context of capital raisings conducted post-listing.

One such area relates to the classification of shareholders in issuers with WVR structures, particularly in the context of fundraising activities conducted under general mandates. Under the current framework, a person is considered a connected person at the issuer level if they are a substantial shareholder of the listed issuer, meaning they hold 10% or more of the voting power at general meetings. Once classified as a connected person, transactions between the listed issuer and that person are subject to the connected transaction requirements under Chapter 14A, including restrictions on allocations under general mandates.²²³

However, in the case of WVR issuers, where different classes of shares carry different voting rights, the application of the 10% threshold may raise certain interpretive considerations, particularly where a shareholder holds only non-WVR shares, which do not carry any disproportionate governance rights. The Listing Rules do not distinguish between WVR and non-WVR shares for the purposes of calculating voting power under the definition of substantial shareholder. As such, a shareholder who acquires 10% or more of the total voting rights, even solely through the acquisition of non-WVR shares, may fall within the definition of a connected person.

This outcome reflects an application of the connected transaction framework, and is consistent with the principle that voting power is the key determinant of potential influence. At the same time, it may give rise to questions as to whether the current approach appropriately accounts for the structural features of WVR issuers. In this context, the treatment of passive shareholders with no management involvement, and whose holdings are limited to non-WVR shares, may warrant further review.

But it is understood that any consideration of refinements would need to be approached with care, taking into account the foundational objectives of Chapter 14A, including the need to maintain high standards of corporate governance, ensure transparency in equity fundraising, and avoid any perception of differential treatment among shareholders. As the market continues to evolve, further dialogue on the interpretation of the connected person definition in the context of WVR issuers may contribute to the broader goal of facilitating capital formation activities by international stakeholders within a well-regulated and transparent listing environment.

223 HKEX. (n.d.). Chapter 14A: Connected transactions. https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Continuing-Obligations-and-Annual-Listing-Fees/Continuing-Obligation-Fee/chapter_14a.pdf?la=en

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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.

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