ended up with investors who may have suffered loss. So I think there is a lot to be said for doing things differently here.

Stock Connect

First, there is huge interest in the overall significance of Stock Connect among large allocators of global funds. The reason for this is blindingly obvious anaemic growth prospects elsewhere, especially Europe, set alongside higher growth in mainland China.

Although mainland China growth rates have slowed, Stock Connect will enable foreign

For Mainland investors there is only one big one the RMB500,000 portfolio requirement. There has been some speculation that Mainland investors passing this test may already be invested in Hong Kong. I need only say here that this was introduced as a deliberate speed bump for the pilot programme.

International investors have also referred to a number of structural issues. The biggest was Mainland capital gains tax which was removed the Friday before trading started. The others are technical, but still important.

One is about the additional counterparty risk to do with the need to deposit shares with [redacted] [redacted] [redacted] usual setup for delivery versus payment.

Others are to do with the way in which legal title in A shares is held by the clearing house, leading to some concerns about the clarity of beneficial ownership. All of these differences have implications for how the buy-side deals with brokers and custodians, as well as their home regulators.

[redacted]

First of all, it goes without saying that the new Exchange rules for Stock Connect have to be taken seriously by all sell-side firms who are routing northbound orders.

And as part of this firms must be prepared to respond very quickly to requests about client dealings originating from the Mainland authorities. For this reason they also need to maintain specific client and dealing records, and keep them for at least 20 years.

[redacted] in other words that our legitimate expectation for fast information from the Mainland to do our surveillance work on [redacted] [redacted] [redacted].

I should also say that brokers should get familiar with all the other new Exchange rules as well as the trading and clearing mechanisms for the link. Have a good look at the information and FAQs now on the Exchange [redacted] which should also help with the drafting of client agreements.

Conclusion

F need for ever closer collaboration between regulators whether to properly supervise large global firms operating in Hong Kong, or to police cross-border trading under Stock Connect.

And I m glad that the agreements we have now reached with the CSRC are in many ways a model for other markets to emulate.

I will stop here and possibly take one or two questions.