



Stock Connect

We are about to celebrate the third anniversary of Stock Connect. We have gone through a number of encouraging developments since the start of the programme. Let me recap some of these milestones.

Stock Connect, launched between Shanghai and Hong Kong in November 2014, provides a unique opportunity for Hong Kong and Mainland investors to trade eligible stocks in each

rest of the world and enables a huge pool of Mainland investors to diversify portfolios outside their home markets.

Initially, both daily and aggregate quotas were in place to manage two-way equity market flows. The aggregate quota under Shanghai Stock Connect was abolished in August 2016, allowing investors to conduct trading with higher flexibility. This is considered a strong signal from the Mainland market that it is ready to open two-way investment flows on a large scale.

In December 2016, the scope of the programme was widened to include more eligible stocks in Hong Kong and a new market in Shenzhen, with a new pool of small cap but possibly fast-growing stocks. Stock Connect now covers some 1,500he two



The PFMI is an important milestone but more work still remains. CPMI-IOSCO continues to work in areas such as recovery planning and cybersecurity. In Hong Kong, just this past July, the legal framework of the resolution regime for financial institutions and FMIs, the Financial Institutions (Resolution) Ordinance (FIRO) came into effect. This is an important step in empowering the various resolution authorities in Hong Kong, including the SFC, with strong and effective tools for ensuring financial stability and the continuity of critical FMI functions.

The drive for more resilient markets is a continuous process that requires close coordination among all stakeholders, including regulators and the industries. As a regulator, the SFC considers industry bodies like the WFC important partners in building better markets. On behalf of the SFC, I thank you for your contributions to these efforts.