International Financial Centre

Overview

A leading international financial centre, Hong Kong has a prudent and robust financial regulatory regime. The Linked Exchange Rate System (US dollar peg) has served Hong Kong well as the pillar of monetary and financial stability. The financial sector provided about 271,900 jobs (7.4% of employment) in 2025 and directly contributed 26.2% to Hong Kong's GDP in 2024. Amid the complex and constantly evolving international political and economic landscape, the Government and regulators monitor Hong Kong's markets to ensure financial stability.

Robust Regulatory Environment

The Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission (SFC), the Insurance Authority (IA) and the Mandatory Provident Fund Schemes Authority (MPFA) are four statutory bodies regulating the market.

- **HKMA**, established in 1993, is responsible for maintaining monetary and banking stability. The HKMA's four key functions are: maintaining currency stability within the framework of the Linked Exchange Rate System; promoting the stability and integrity of the financial system, including the banking system; helping maintain Hong Kong's status as an international financial centre, including the maintenance and development of Hong Kong's financial infrastructure; and managing the Exchange Fund.
- **SFC,** set up in 1989, regulates Hong Kong's securities and futures markets. Principal responsibilities include maintaining and promoting the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry.
- **IA,** established in December 2015, is responsible for regulating and supervising the insurance industry to promote sustainable market development and protect policyholders. It started regulating insurance companies and insurance intermediaries in June 2017 and September 2019 respectively.
- **MPFA**, established in 1998, is responsible for regulating and supervising the operation of Mandatory Provident Fund (MPF) schemes, MPF trustees and intermediaries, and occupational retirement schemes.
- Hong Kong is the first jurisdiction in the Asia-Pacific region assessed by the Financial Action Task Force (FATF) in the previous round of mutual evaluation to have achieved an overall compliant result for having an anti-money laundering and counter-terrorist financing regime that is both technically compliant and effective. Hong Kong also completed the related follow-up process in 2023.
- The **Accounting and Financial Reporting Council** (formerly known as the Financial Reporting Council) was established in 2006 and has become a full-fledged independent regulatory and oversight body of Hong Kong's accounting profession since October 1, 2022.
- The licensing regime for Virtual Asset (VA) service providers with full-fledged anti-money laundering and investor protection measures came into effect on June 1, 2023.
- The licensing regime for fiat-referenced stablecoins issuers came into operation on August 1, 2025. The HKMA granted stablecoin issuer licences to Anchorpoint Financial Limited and The Hongkong and Shanghai Banking Corporation Limited for issuing stablecoins in Hong Kong on April 10, 2026.

Facilitating Financial Services

- The Hong Kong Exchanges and Clearing Limited (HKEX) introduced a new listing regime in April 2018 to facilitate the listing of companies from emerging and innovative sectors, enhancing the **competitiveness of Hong Kong's listing platform**. In January 2022, HKEX further enhanced the listing regime for overseas issuers and launched a listing regime for special purpose acquisition companies (SPACs).
- HKEX introduced the listing regime for **specialist technology companies** in March 2023. The regime has expanded the listing channel for issuers, facilitating specialist technology enterprises to list and raise funds through the new eligibility test.
- To provide a more effective fundraising platform for **small and medium enterprises**, HKEX implemented a series of measures to **reform GEM** in January 2024, including launching a new financial eligibility test for high growth enterprises that are heavily engaged in research and development activities, and introducing a new "streamlined transfer mechanism" to facilitate eligible GEM issuers to transfer to the Main Board.
- The launch of **Shanghai-Hong Kong Stock Connect** and **Shenzhen-Hong Kong Stock Connect** in 2014 and 2016 respectively are of groundbreaking significance for the mutual capital market access between Hong Kong and the Mainland. In 2025, total trade value of Northbound and Southbound Trading of Stock Connect amounted to RMB50.3 trillion and HK$28.7 trillion respectively.
- **Companies with weighted voting rights structures and pre-revenue/pre-profit biotechnology companies listed in Hong Kong** as well as **stocks listed on the Mainland Sci-Tech Innovation Board** meeting certain criteria can be included into the universe of **Stock Connect**. Further to the inclusion of Exchange-traded Funds (ETFs), the scope of eligible stocks under Stock Connect has been further expanded in March 2023 to cover eligible stocks of **foreign companies** with primary listing in Hong Kong.
- The Northbound Trading and the Southbound Trading under **Bond Connect**, launched in July 2017 and September 2021 respectively, further improve financial connectivity between market infrastructures in Hong Kong and the Mainland.
- The **Northbound Trading of Swap Connect** was officially launched in May 2023, introducing mutual access in the realm of financial derivatives products for the first time. The arrangement further fosters the collaborative development of the derivatives markets in the two places.
- **Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA)** enables residents in Hong Kong, Macao and nine cities in Guangdong Province to carry out cross-boundary investment in wealth management products in the area. Further enhancement measures in relation to sales and promotion as well as account opening were implemented in November 2025.
- HKEX has established a **new integrated fund platform** to expand Hong Kong's fund distribution network, enhance market efficiency and lower transaction costs. Hong Kong has also reached **mutual recognition of funds** arrangement with **the Mainland**, **Switzerland**, **France**, **the United Kingdom, Luxembourg, the Netherlands, Thailand, Ireland** and **the United Arab Emirates**.
- The **Faster Payment System** (FPS) offers 24-hour real-time payment and transfer function, supporting person-to-person payments, business payments (including bill payment), account top-up, etc. As at end-June 2026, FPS recorded about 21.11 million registrations.
- In December 2023, the HKMA and the Bank of Thailand announced the launch of the FPS x PromptPay Link for cross-border QR payment between Hong Kong and Thailand, providing a fast, secure and

easily accessible cross-border retail payment service to people travelling between Hong Kong and Thailand.

- Eight **digital banks** and four **virtual insurers** are authorised to operate in Hong Kong.
- On June 26, 2025, the Government issued the Policy Statement 2.0 on the Development of Digital Assets in Hong Kong, reinforcing the Government's commitment to establishing Hong Kong as a global hub for innovation in the digital asset field. The Government will introduce a bill in 2026 to establish licensing regimes for, among others, digital asset dealing and custodian service providers, with a view to further enhancing the relevant regulatory framework in Hong Kong.
- As at end- 2024, over 1,600 registrations from third-party service providers have been recorded for using banks' **Open Application Programming Interface (Open API)**, while the IA rolled out the Open API framework for the insurance sector in September 2023, to facilitate incubation of enhanced services for users.
- The **Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)**, provides for preferential trade and investment policies, encourages cross-boundary insurance, banking and securities services etc.
- The development of **GBA** would consolidate Hong Kong's role as the financial gateway connecting Mainland and global financial markets. It also seeks to facilitate flow of factors of production (including capital) in the region by enhancing the efficiency of cross-boundary financial services.
- In respect of the governance system on government investments, it was announced in the 2022 Policy Address that the **Hong Kong Investment Corporation Limited** was set up in 2023 to further optimise the use of fiscal reserves for promoting the development of industries and the economy.
- In June 2023, the HKEX introduced the **HKD-RMB Dual Counter Model** to facilitate the issuance and trading of RMB-denominated stocks in Hong Kong.
- **The Shenzhen-Hong Kong Financial Co-operation Committee** was established in June 2024 to strengthen financial co-operation between Shenzhen and Hong Kong, as well as the GBA as a whole. The Government will facilitate Hong Kong's limited partnership funds to be qualified under the **Qianhai Qualified Foreign Limited Partnerships** (QFLP) to participate in private equity investment in the Mainland.
- In June 2025, the PBoC and the HKMA launched **Payment Connect** to implement the linkage of the Internet Banking Payment System in the Mainland and the FPS in Hong Kong, with a view to supporting secure, efficient and convenient real-time cross-boundary payment for residents and institutions.
- The Government has formulated a preliminary framework on preferential policy packages to promote industries and investment as announced in the 2025 Policy Address. Policy tools include land grant arrangements, financial subsidies and tax incentives. The preferential tax rates will be half-rate or 5%. An amendment bill will be introduced in 2026.
- The Financial Secretary will establish and chair an Advisory Committee on Tax Policy to gather views widely from commercial, industrial and professional sectors, so that Hong Kong's tax policy can reinforce economic development.
- The Government announced the Action Plan to Promote the Development of Corporate Treasury Centres (CTCs) in Hong Kong in June 2026. Key highlights include revamping the tax concession regime applicable to corporate treasury, continuing to expand the network of Comprehensive Avoidance of Double Taxation Agreements (CDTAs)(Hong Kong has so far signed 59 CDTAs), and strengthening market promotion, training of professional talent and engagement with the industry,

with a view to elevating Hong Kong as a premier hub for CTCs and reinforcing its role as a platform for "bringing in and going global".

- The Government will launch the uncertificated securities market regime in collaboration with the SFC and the industry in 2026.

Promoting Financial Services

- A number of **major international financial services-related events** are held in Hong Kong annually, including Asian Financial Forum, Hong Kong Fintech Week, International Financial Week and Belt and Road Summit.
- The **Financial Services Development Council** (FSDC) was established in 2013 as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of Hong Kong's financial services industry.

Premier Offshore Renminbi (RMB) Business Hub

- **About 75% of global offshore RMB payments** are processed via Hong Kong (January to July 2026).
- **Average daily turnover of Hong Kong's RMB Real-Time Gross Settlement System** reached RMB2.5 trillion in 2025.
- **Hong Kong is the world's largest offshore RMB business hub** (total deposits including certificates of deposit reached RMB1,279.7 billion at end-June 2026).

Stock Market

- **World's 7th largest and Asia's 4th largest stock market** by market capitalisation among exchanges at end-June 2026 (around US$5.523 trillion). The Hong Kong stock market recorded an **average daily turnover of about US$36.76 billion from January to July 2026**.
- Vibrant IPO activities, raising about US$42.07 billion in the first seven months of 2026, 2nd in the world[1]. Continues to be one of the world's major listing platforms.
- HKEX launched a new listing regime for emerging and innovative companies in 2018 and further introduced a new listing mechanism for specialist technology companies in March 2023. Since then, there have been 157 firms listed under relevant channels, raising about HK$689.7 billion (end- July 2026). Among them, 94 companies were pre-revenue or pre-profit biotechnology companies, raising about HK$147.9 billion and making Hong Kong **one of the world's leading fundraising hubs for biotechnology**.
- In October 2021, HKEX launched the **MSCI China A50 Connect Index Futures contract**, giving international investors an extra investment tool to access A-shares markets, as well as manage their Mainland-related exposure risks in one place through Hong Kong's capital market. The first batch of A-share structured products, the MSCI China A50 Connect Index Derivatives Warrants, were listed in August 2022, providing a new risk management tool for Mainland investments and further enhancing Hong Kong's role as an offshore A-share risk management centre.

Asset and Wealth Management

- As the **premier fund management hub in Asia**, Hong Kong's asset and wealth management

[1] Funds raised exclude fundraising by listing of SPACs.

business at end-2025 amounted to HK$42.2 trillion (approx. US$5.4 trillion).

- **World No.1** cross-boundary wealth management centre (2026).
- Home to over **3,380** single-family offices (end-2025), recording an increase of about 680 offices over the past two years, equivalent to a growth of more than 25 per cent.
- **Asia No.1** hedge fund base (end-July 2026).
- Apart from unit trusts, a fund can be set up in the form of an **open-ended fund company (OFC)** or a **limited partnership fund** in Hong Kong. Subsidies are provided to cover the expenses paid to local professional service providers for OFCs set up or re-domiciled to Hong Kong.
- Public and private funds, irrespective of whether they are onshore or offshore, can enjoy profits tax exemption at the fund level subject to meeting certain conditions.
- **Tax concessions are provided for carried interest issued by private equity funds** subject to the fulfilment of certain conditions to attract more private equity funds to domicile and operate in Hong Kong. To **facilitate more private equity funds to list in Hong Kong**, SFC has clarified the relevant regulatory requirements to encourage sizeable alternative asset funds with regular income streams to raise funds.
- To develop Hong Kong into a **vibrant real estate investment trust (REIT) market**, measures including relaxation of investment restrictions of REIT, broadening investor base, provision of subsidies for qualifying REITs, etc. are being pursued. To further enhance market competitiveness, stamp duties on the transfer of REIT units has been waived effective from December 21, 2024.
- The Government issued the **Policy Statement on Developing Family Office Businesses in Hong Kong** in March 2023 to set out the Government's policy stance and measures on developing a vibrant ecosystem for global family offices and asset owners, with a view to facilitating asset owners in deploying and managing wealth and capturing diverse investment opportunities in Hong Kong.
- InvestHK has assisted **over 260 family offices to set up or expand their businesses in Hong Kong**.
- The **Hong Kong Academy for Wealth Legacy** was established under the FSDC in November 2023 to provide a comprehensive talent training platform for the family office sector, asset owners and wealth inheritors, and to facilitate the development of family offices in Hong Kong.
- The **New Capital Investment Entrant Scheme** (New CIES) was open for application from March 1, 2024. Eligible investors may apply to reside and pursue development in Hong Kong. A series of enhancement measures have been implemented from March 1, 2025, including relaxing the net asset assessment and calculation requirements and allowing investments made through an eligible private company wholly owned by an applicant to be counted towards the eligible investment.
- The Government introduced legislative proposals in June 2026 to enhance the **preferential tax regimes offered to funds and single-family offices**, including expanding the definition of "fund" to cover specific funds-of-one, expanding the scope of qualifying investments, and relaxing the tax exemption treatment for special purpose entities (SPEs) and family-owned SPEs, with a target to effect the implementation from the year of assessment 2025/26.

Bond Market

- Hong Kong, as a long-standing leader in bond issuance in Asia, has ranked first in the world for nine years over the last decade for arranging international bond issuances from Asian institutions.
- The Government announced in the 2026-27 Budget that it expects to issue a total of about $160 billion to $220 billion worth of bonds under the **Government Sustainable Bond Programme** and

the **Infrastructure Bond Programme** every year during the five-year period from 2026-27 to 2030-31.

- To facilitate investors' holdings of securities through the **Central Moneymarkets Units (CMU)** for achieving global asset allocation, the CMU OmniClear is actively seeking to establish linkages with central securities depositories of various regions. The CMU will launch equity post-trade services for the first time, enabling investors to manage their diversified asset portfolios more efficiently.
- In March 2023 and May 2024, the World Bank (International Bank for Reconstruction and Development) issued insurance-linked securities in the form of a catastrophe bond in Hong Kong with a size of US$350 million (equivalent to about HK$2.75 billion) and US$150 million (equivalent to about HK$1.17 billion) respectively, offering protection against losses related to earthquake risks in Chile over the next three years and storm risks in Jamaica over the next four hurricane seasons.
- The SFC and the HKMA jointly announced **Hong Kong's Roadmap for the Development of Fixed Income and Currency (FIC) Markets** to position the city strategically as a global FIC hub by fostering demand, liquidity and innovation.
- The Government and the HKMA have been reviewing the current legal and regulatory regime on **the issuance and transactions of tokenised bonds** and explore enhancements to **promote the wider adoption of tokenisation** in Hong Kong's bond market. The Government and the HKMA published the findings of the first phase of the review in June 2026, which suggest that Hong Kong's legal and regulatory environment is already sufficiently flexible for tokenised bond issuances. A legislative review will be carried out in the next phase.
- The HKMA issued the **third tranche of tokenised bonds** in November 2025 and will continue to encourage digital bonds issuances through the **Digital Bond Grant Scheme**, while exploring tokenising traditional bonds that have been issued.

Insurance

- One of the **most open insurance markets** in the world, with over 160 authorised insurers and **six of the world's top 10** insurers operating in Hong Kong.
- **World No. 1** for insurance premiums per capita at US$13,415 (end-2025).
- Total **gross premium income** of HK$827 billion (about US$106 billion) according to the provisional statistics of the Hong Kong insurance industry for 2025.
- The Government implemented since 2021 a number of **measures to enhance Hong Kong's competitiveness as an international risk management centre**, including reducing profits tax rate by 50% for marine and specialty insurance businesses, expanding the scope of insurable risks by captive insurers, enhancing the regulatory framework for multinational insurance groups, and implementing and enhancing the risk-based capital regime for insurance industry.
- The Government established in 2021 a bespoke regulatory regime for insurance-linked securities (ILS) and launched **a Pilot ILS Grant Scheme**. These measures have thus far facilitated seven ILS issuances in Hong Kong with a total amount of some US$800 million (equivalent to about HK$6.2 billion), two of them being listed in Hong Kong Exchange and Clearing Limited, all in the form of catastrophe bond to secure protection against losses inflicted by typhoons and earthquakes in the Mainland and overseas places. The 2025-26 Budget announced the extension of Pilot ILS Grant Scheme for three years amid favourable response from the industry.
- The Government issued a **Development Roadmap for the Insurance Sector in Hong Kong** in December 2022, outlining visions and missions, as well as targeted policy measures, to consolidate

the status of Hong Kong as a global risk management centre and facilitate the insurance sector in seizing opportunities under the national "Dual Circulation" strategy.

- As of early July 2026, the IA already authorised three captive insurers this year, one for a multinational enterprise based on the Chinese Mainland, one for a state-owned enterprise and one for a local enterprise, reflecting a strong market confidence in developing Hong Kong into a **vibrant captive domicile**.
- The insurance industry established a **marine specialty risk pool** on a commercial basis in November 2025, which has commenced to provide risk coverage for over 800 Hong Kong and Mainland vessels starting from January 2026, enhancing Hong Kong and Mainland shipowners' capability in responding to contingencies and further consolidating Hong Kong's status as an international financial and maritime centre.

Banking

- **71 of the world's 100 top banks** operate in Hong Kong (as of end-July 2026).
- The Asian Infrastructure Investment Bank in November 2025 announced its plan to set up an office in Hong Kong.
- **Hong Kong's banking system holds assets equivalent to around 9.8 times its gross domestic product** (GDP) in 2025 as at end-May 2026, and is a major contributor to the profitability and total assets of several global systemically important banks.
- The banking system remains robust with the **capital adequacy ratio over 20% and average liquidity coverage ratio over 160% as at the first quarter of 2026**, both well above the international regulatory standards.

Green and Sustainable Finance

- The Government has issued a total of about HK$260 billion (US$33 billion) worth of green bonds under the **Government Sustainable Bond Programme**, covering various types (institutional, retail and tokenised), multiple currencies (including HKD, RMB, USD and Euro) and different tenors (1 to 30 years).
- A **Green and Sustainable Finance Grant Scheme** was launched in May 2021 to provide financial support for eligible bond issuers and loan borrowers to cover part of their expenses on bond issuance and external review services. The Scheme has been extended by three years from 2024 to 2027, with an expanded scope of funding support to cover transition bonds and loans. As of May 2026, over HK$440 million has been granted to 700 green and sustainable debt instruments issued in Hong Kong.
- HKEX launched **Core Climate, an international carbon marketplace**, in October 2022, providing trading of voluntary carbon credits and instruments across Asia and beyond. Core Climate offers HKD and RMB settlement for the trading of international voluntary carbon credits. The platform's registered participant number reached over 130 by March 2026.
- The Government has set up a **Green Technology and Finance Development Committee**, gathering leaders from finance, technology, academic, professional services sectors, etc., as well as representatives from the Government, financial regulators and public organisations to assist in the formulation of an action agenda for promoting the development of Hong Kong into an international green technology and finance centre.

- To further promote the development of green and sustainable finance and expand Hong Kong's green Fintech ecosystem, the **Green and Sustainable Fintech Proof-of-Concept Funding Support Scheme** was launched in June 2024 to provide early-stage funding support for green fintech, facilitating commercialisation and fostering the development of new green fintech initiatives.
- The Government launched in December 2024 the **Roadmap on Sustainability Disclosure in Hong Kong**, which provides a well-defined pathway for large publicly accountable entities to fully adopt the International Financial Reporting Standards - Sustainability Disclosure Standards (ISSB Standards) no later than 2028. In June 2025, the International Financial Reporting Standards Foundation published the jurisdictional profiles on adoption of the ISSB Standards, which confirms Hong Kong as among the initial set of jurisdictions having set a target of fully adopting the ISSB Standards.
- The Government launched in December 2022 **Pilot Green and Sustainable Finance Capacity Building Support Scheme**, which provides funding support for local eligible market practitioners and related professionals as well as students and graduates of relevant disciplines to participate in training related to green and sustainable finance in response to the new trend of developing low-carbon and sustainable economy. To continuously support local green-finance talent training, we have extended the scheme to 2028.
- The HKMA published the **Hong Kong Taxonomy for Sustainable Finance** in early May 2024. It serves as a pivotal tool to raise awareness about green finance, promote common understanding on green activities, facilitate green finance flows, and provide a foundation for further applications. To support the region's transition to a low-carbon economy, the HKMA published in January 2026 the Hong Kong Taxonomy for Sustainable Finance Phase 2A. Key updates include expanding the taxonomy scope to six sectors, increasing economic activities from 12 to 25, introducing transition elements and adding a new environmental objective on climate change adaptation.
- The IA is spearheading the **Climate Modelling Project**, in collaboration with the insurance industry and the Hong Kong University of Science and Technology (HKUST). This cross-sector initiative aims to leverage HKUST's high-resolution climate models to assist insurance companies to more accurately assess climate risks, enhance underwriting capabilities and foster product innovation in Hong Kong. The project also seeks to strengthen society's insurance protection against the economic losses arising from climate change and extreme weather events, thereby unleashing the social value of insurance.

Gold and Commodities

- The Government accepted the recommendations of the **Working Group on Promoting Gold Market Development**, and will implement a series of measures to increase storage capacity, optimise trading and regulatory mechanisms, expand exchange products, and conduct market promotion.
- The Financial Services and the Treasury Bureau signed a **co-operation agreement with the Shanghai Gold Exchange** in January 2026, deepening co-operation between the gold markets of Hong Kong and Shanghai.
- **Hong Kong's gold central clearing and settlement system** commenced trial operation in July 2026, providing efficient and reliable clearing and settlement services for bilateral and over-the-counter (OTC) gold transactions, alongside a new **HAU price ticker**. The initial phase of **Delivery Connect** with Shanghai Gold Exchange was also introduced.

- The Hong Kong Exchanges and Clearing Limited revitalised its **USD gold futures contract** in July 2026.
- **London Metal Exchange**, a subsidiary of HKEX, included Hong Kong as its approved delivery point in January 2025. As of June 2026, a total warehousing area of over 52 000 square meters has commenced operation in Hong Kong with storage exceeding 24 000 tonnes, connecting our country closely with the world's most active metal trading market.

Mandatory Provident Fund

- The total assets of the MPF System surpassed HK$1 trillion in August 2020 and stood at HK $1.687 trillion as at end-May 2026, **increasing by about 180% over the past 10 years**.
- The **annualised net return** since the inception of the MPF System was 4.2% (as at April 2026), outperforming the average inflation rate of 1.8% over the same period.
- The Government and MPFA have been striving to enhance the MPF System to increase and diversify the investment options for MPF funds, including introducing the Default Investment Strategy in 2017 to offer ready-made investment solutions with fee caps, risk diversification and automatic de-risking features to MPF scheme members; adding the Shanghai and Shenzhen stock exchanges to MPFA's list of approved stock exchanges in 2020 to facilitate MPF funds' investment into A-shares; amending the law in 2022 to expand the scope of MPF investment in debt securities issued or unconditionally guaranteed by the Central People's Government, the People's Bank of China and the three Mainland policy banks; and establishing a mechanism with HKMA in 2023 to earmark a certain portion of the institutional green bonds and infrastructure bonds issued by the Government for priority investment by MPF funds.
- **The average Fund Expense Ratio** of MPF funds has dropped from 1.57% as at end-2016 to 1.35% as at May 2026.
- MPFA and its wholly-owned eMPF Platform Company Limited are pressing ahead with the **eMPF Platform Project.** The Platform was launched in June 2024, with onboarding of all 24 MPF schemes completed by April 2026.
- Latest forecast by MPFA suggests that the eMPF Platform could achieve **cumulative cost savings of HK$50 billion within the first 10 years of its operation (i.e. by 2034)**. This represents an increase as compared to the original forecast of HK$30 billion - HK$40 billion, bringing direct benefit to scheme members.
- MPFA is gradually taking forward **MPF "Full Portability".** Its Phase One Proposal, expected to be implemented within 2026, covers employees whose employment commences on or after May 1, 2025. The Government will introduce an amendment bill in mid-2027 to extend the coverage to employees whose employment began before the above date.

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