

Message from CEO



Hong Kong's future as a global financial centre has come under the spotlight in recent years. Geopolitical tensions have cast uncertainties on the future bridging role that Hong Kong plays between China and the outside world. On the other hand, the continuing rapid development of China is presenting many opportunities for Hong Kong.

At the business level, leaders of financial services institutions have to steer their companies through a range of seismic changes in the business environment. On top of the uncertainties in economic prospects and financial markets brought about by the COVID pandemic, our leaders have to deal with challenges arising from a rapid pace of business innovation and technological advances, and in a world confronting increasingly serious sustainability challenges, they also have to make their companies more socially responsible.

Against this background, I am humbled and yet excited to take up the CEO role of the Academy in mid-January. I set off by reaching out to and engaging with a wide range of Members and stakeholders to understand their thoughts and expectations about AoF's work. They told us that they treasure the networking and interaction opportunities provided by AoF events. There is also a consensus that AoF's work should put more focus on 3 strategic areas: (a) the future of Hong Kong as China's international financial centre; (b) digitalization and innovation, including Fintech; and (c) sustainability and ESG, including green finance.

We are already putting these ideas into action as we roll out and plan various programmes. I hope you will find our events interesting and useful. Your support in these efforts is most valued. Please feel free to get in touch if you have any ideas or suggestions.

Kwok-chuen Kwok
CEO, Hong Kong Academy of Finance Limited



LEADERSHIP DEVELOPMENT PROGRAMME CONVERSATION WITH FINANCIAL LEADERS

During the first quarter of 2021, two conversation sessions with financial leaders were held under the Leadership Development Programme, via live webinars. Mr Norman Chan, Senior Adviser of the AoF, moderated both sessions and together around 200 AoF Members and leaders in the financial industry participated.

On 29 January, **Mr Ashley Alder, Chief Executive Officer of the Securities and Futures Commission, and Chairman of the Board of the International Organization of Securities Commissions (IOSCO)** shared his views on global macro and regulatory issues. In particular, he discussed China-US relations under the Biden Administration and stressed on the growing importance of Hong Kong as an intermediary that links international investors with the China market. He also talked about the SFC's continuous efforts in reinforcing the confidence of local and overseas securities companies in Hong Kong.



On the enhancement of Hong Kong's competitiveness in the asset management industry, Mr Alder showcased a number of initiatives of the SFC such as removing hurdles of the fund industry and fostering closer collaboration with Mainland regulators, thus enabling more fund flows between Hong Kong and the Mainland. He also commented on the development of crypto assets and explained the rationale underlying the regulations for crypto asset trading platforms.

On 9 March, **Mr John Waldron, President and Chief Operating Officer of the Goldman Sachs Group**, shared with us his insights on a range of macro economic and financial issues.

Mr Waldron expressed his strong confidence in the opportunities in Asia, particularly in China. He believes that growth would be driven by capital flows and foreign investors' demand for Chinese exposure. Looking forward, Mr Waldron expected that more technology companies would find the way into the financial industry, and their influence in terms of technology and innovation would be massive. He also mentioned that there are already programmes and plans in place in Goldman Sachs to make substantial progress in the years ahead on both ESG and diversity issues.



The AoF will continue to roll out in the next few months a series of Conversation with Financial Leaders sessions under the Leadership Development Programme. The upcoming sessions in April and May include **Mr Laurence Fink (Larry Fink), Founder, Chairman and CEO of BlackRock, Mr Ray Dalio, Founder, Co-Chairman and Co-Chief Investment Officer of Bridgewater Associates and Mr John Dugan, Chair of Citigroup Inc.** Please stay tuned !

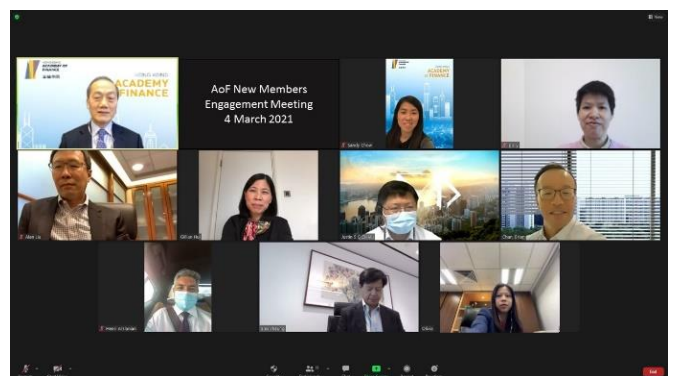
More information about the Leadership Development Programme of the AoF can be found [here](#).

Members' Engagement

Since the outbreak of the COVID pandemic, most of our activities have gone online. To enable Members who newly joined us to get to know each other and more about the AoF, we organised 5 small group engagement meetings, some were face-to-face while some were online, in early March 2021.



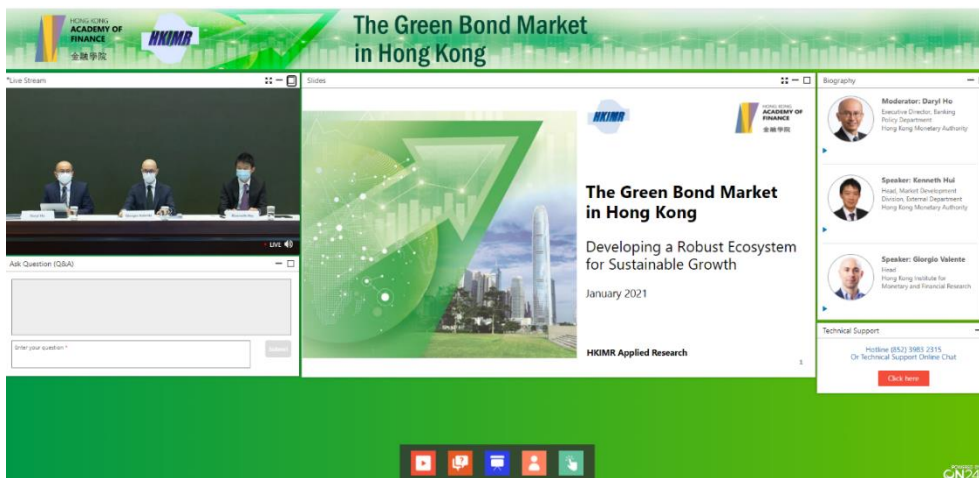
During these engagement meetings, Members from different sectors of the financial industry met with our new CEO Mr KC Kwok and exchanged views on various opportunities and challenges facing us today. Topics including technology & innovation, green finance and China / Greater Bay Area were discussed. Members enjoyed the candid and interactive dialogue. Taking this opportunity, Mr Kwok also shared with Members the future direction of the Leadership Development Programme and our upcoming events. We will continue to organise more Members engagement activities with flexible format to adapt to the pandemic situation and we look forward to your active participation.



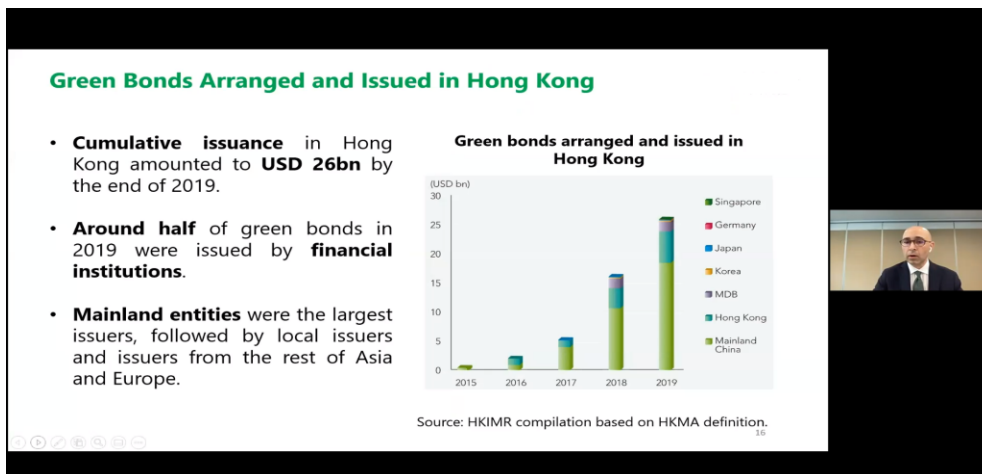
Research

After the release of the Applied Research report titled “**The Green Bond Market in Hong Kong: Developing a Robust Ecosystem for Sustainable Growth**” in November 2020, the key findings of the report were disseminated to a broader audience through two webinars.

The first webinar, organised by the AoF and the HKIMR in January, was attended by about 100 participants, including AoF Members and members of the local and international press. The second webinar was organised by the CFA Institute and Fitch Ratings in March 2021, with about 300 participants (mostly asset managers) attending the event from different jurisdictions in the APAC region.



Full video of the first webinar can be viewed [here](#).



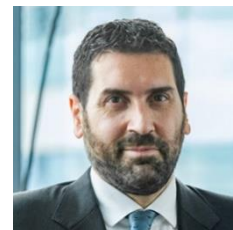
Full video of the second webinar can be viewed [here](#).

In February 2021, three Applied Research papers exploring topics that are relevant to market participants and regulators in Hong Kong were published. These papers are related to green and ESG-related investments and the impact of financial market microstructure on market quality and efficiency.

Do the Shades of Green Matter? The Pricing and Ownership of “Dark-green” Bonds

(Professor Gianfranco Gianfrate, EDHEC Business School)

The shades of green do matter. Climate-aware institutional investors have strong preference for dark-green bonds – bonds with the highest climate impact rating, while the light/medium-green bonds appear to be treated like non-green bonds.



The Effect of a Closing Auction on Market Quality and Market Efficiency in the Stock Exchange of Hong Kong

(Professor Chen Yao, The Chinese University of Hong Kong)

The adoption of closing auction by the Stock Exchange of Hong Kong in 2016 reduces the trading volume from the last minutes of the continuous trading session, and prices at the end of the continuous trading session become less noisy and more efficient.

Doing Well by Doing Good? Risk, Return, and Environmental and Social Ratings

(Professor Jeong Ho (John) Kim, Emory University)

Stocks issued by firms that receive high scores in environmental and social factors have lower downside risk; the magnitude of these effects are small but statistically significant.



The executive summary and full text of the three papers can be viewed [here](#) .

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