



## Hong Kong Investment Funds Association

1505 Tak Shing House, 20 Des Voeux Road Central, Hong Kong  
 Tel: (852) 2537 9912 Fax: (852) 2877 8827, 2877 2368  
 Website: <http://www.hkifa.org.hk> E-mail: [hkifa@hkifa.org.hk](mailto:hkifa@hkifa.org.hk)

August 23, 2004

Secretariat  
 Constitutional Development Task Force  
 Constitutional Affairs Bureau  
 3/F., Main Wing  
 Central Government Offices  
 Lower Albert Road  
 Hong Kong

Dear Sir,

**Re: Proposals to include the fund management industry in the Financial Services Sector**

On behalf of the Hong Kong Investment Funds Association ("HKIFA"), we would like to make the following proposal with respect to the Third Report of the Constitutional Development Task Force: "Areas which may be Considered for Amendment in respect of the Methods for Selecting the Chief Executive in 2007 and for Forming the Legislative Council in 2008" ("The Report").

**Proposal:**

To include the fund management industry in:

- the Financial Services Sector of the Election Committee for selecting the Chief Executive ("FSS-EC"); and
- the eligible electorate of the Financial Services functional constituency of the Legislative Council ("FS-FC").

A plausible arrangement is to expand the electorate for FSS-EC and FS-FC to include SFC registrants which have taken out RA9 licence -- asset management.

**Existing arrangement:**

Under the existing provisions, only "exchange participants of a recognised exchange company" and "members of The Chinese Gold and Silver Exchange Society entitled to vote at general meetings of the Society" are eligible to be registered as electors for FSS-EC and FS-FC.

**Rationale for the proposal:**

We believe that the fund management industry, which is a cornerstone of the financial services industry in Hong Kong, should be included in both the FSS-EC and the FS-FC. Hong Kong is one of the leading fund management centres - according to the findings of the Fund Management Activities Survey 2003 conducted by the Securities and Futures Commission, the aggregate amount of assets in relation to the fund management business amounted to about HK\$3,000 billion as at the end of 2003,

## Hong Kong Investment Funds Association

of which HK\$1,194 billion were managed in Hong Kong. These figures had witnessed steady growth as the industry continued to increase in depth and breadth.

The fund management industry assumes a leading role in the financial services sector in Hong Kong, and it fosters and supports the development of a whole range of sectors, such as brokerage, banking, trustee, accounting, legal and other professionals. The industry is a key contributor to GDP and the job market, especially jobs that are of high value-added and at the higher end of the spectrum. As at the end of 2003, there were already nearly 200 licensed corporations and registered institutions; and more than 15,000 staff were engaged in fund management activities in Hong Kong.

We expect that the fund management industry will assume increasing significance and fund investment will become a core financial asset of the Hong Kong households as the MPF system becomes more mature and the wealth management concept takes off. To tie in with these developments, and the fact that the Government is committed to developing Hong Kong into a major international asset management centre, we believe it is pertinent that the industry is properly represented in both the FSS-EC and FS-FC.

Should you have any queries, please do not hesitate to contact me or Sally Wong, Executive Director, on

Yours sincerely,

(Signed)

Au King-lun  
Chairman  
Hong Kong Investment Funds Association