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Financial Services and the Treasury Bureau

Submitted via email

29 July 2026

Public Consultation on The First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-2030): the alternative investment industry as a growth engine

Dear Sir / Madam,

The Alternative Investment Management Association ("AIMA")[1] thanks the Financial Services and the Treasury Bureau for the opportunity to participate in the roundtable on Hong Kong's First Five-Year Plan convened on Tuesday, 28 July 2026.

This letter is AIMA's formal written submission following on from that discussion. It responds to Part 2 (Economy, Finance, and Trade) of the consultation document, and in particular to the invitation to offer views on the policy directions and viable policy tools available to Hong Kong over the Plan period.

AIMA writes as the global voice of the alternative investment industry, with around 2,100 corporate members based in more than 60 countries. Our manager members collectively manage more than US$4.5 trillion in hedge fund and private credit assets. That global vantage point informs this submission: across jurisdictions, we see what attracts managers, talent and capital to a financial centre, and we see how Hong Kong compares. It compares well. Our comments are offered in that spirit: to recognise what is working, and to suggest how the Plan can accelerate growth over the next five years.

1. The direction is right, and the Government has earned credibility

1.1 We welcome the Plan's explicit commitment to consolidating Hong Kong's roles as an international asset management centre and an international risk management centre, alongside its function as a global offshore Renminbi hub. These are the right anchors for the next five years.

1.2 They also arrive with credibility. The global alternative investment industry, which AIMA represents, has been well looked after in Hong Kong: the Government listens, and it delivers. We are grateful for that relationship. The bill introduced to the Legislative Council in June 2026, broadening the Unified Fund Exemption regime to cover private credit, virtual assets and real estate alongside hedge fund and private equity strategies, and extending the carried interest and performance fee exemption to the employees who carry out the work, is the clearest recent example. Members around the world have noticed.

[1] AIMA is the world's largest membership association for alternative investment managers. Its membership has more firms, managing more assets than any other industry body, and through our 10 offices located around the world, we serve over 2,000 members in 60 different countries. AIMA's mission, which includes that of its private credit affiliate, the Alternative Credit Council (ACC), is to ensure that our industry of hedge funds, private market funds and digital asset funds is always best positioned for success. Success in our industry is defined by its contribution to capital formation, economic growth, and positive outcomes for investors while being able to operate efficiently within appropriate and proportionate regulatory frameworks. AIMA's many peer groups, events, educational sessions, publications and practical tools like its Due Diligence Questionnaires and industry sound practice guidance available exclusively to members, enable firms to actively refine their business practices, policies, and processes to secure their place in that success. For further information, please visit www.aima.org.

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1.3 Our first suggestion is simply to build on this. These reforms give Hong Kong a strong story to tell at the decision-making levels of global firms and the investors behind them. We encourage the Government to put that credibility to work in its international promotion throughout the Plan period, and to treat the work as never done. Each review cycle should ask what the next enhancement is. This is the support AIMA already provides: we have been pleased to host roundtables for the Financial Services Development Council in financial centres around the world over the past few years as Hong Kong has taken its story to global audiences, and we stand ready to do more.

2. Name alternatives as a growth engine

2.1 The Plan refers to asset management and wealth management in general terms. We respectfully suggest that the final Plan go one step further and name the alternative investment industry, spanning hedge funds, private credit, private equity and digital assets, explicitly as a growth engine for Hong Kong's financial centre.

2.2 The reason is practical rather than cosmetic. Alternatives are where global growth in assets, talent and product innovation is concentrating, and they are the strategies for which the recent tax reforms were designed. When managers and allocators weigh regional footprints, an explicit signal of policy intent in a five-year planning document carries real weight. Generic language does not.

3. Deepen two-way connectivity, and keep the platform easy to use

3.1 Members strongly support the Plan's direction on Mainland connectivity and expanded cross-boundary investment and financing channels. The two-way gateway, Mainland capital going global and international capital coming in, is Hong Kong's genuinely unique advantage, and strengthening it serves national objectives directly.

3.2 Some external commentary reads Hong Kong's closer integration with the Mainland as a diminution of its international character. Global investors, with few exceptions, read it differently: as access. The Mainland is one of the largest pools of savings and investable capital in the world, and it is still compounding. No other international financial centre sits closer to it, in law, in infrastructure or in daily practice. For the industry AIMA represents, alignment with the national Five-Year Plan is not a constraint on Hong Kong's international role. Handled well, it is a commercial asset, and a considerable one: the gateway grows more valuable, the more load it carries, in both directions.

3.3 The industry's ask is continuity and breadth: extend Connect-style access progressively across asset classes and markets over the Plan period, and deepen the ecosystem of products around those channels, including the Renminbi fixed income and hedging tools that international managers need to run Mainland exposure at scale.

3.4 A platform's attractiveness rests not only on the number of channels but on the ease of operating across them. Hong Kong is fortunate here in its regulators. Our members regard the Securities and Futures Commission and the Hong Kong Monetary Authority as world-class institutions, and confidence in them is part of what anchors capital in this city. That strength is what makes a simplification agenda achievable; only confident regulators simplify. As Mainland markets continue to open up and liberalise, Hong Kong's own regulatory weight should fall in step, so that the gateway remains the lowest-friction route for capital moving in either direction. We would therefore encourage a periodic regulatory stocktake for the funds industry, built on a simple principle: the burden of proof sits with the rule. Each requirement should justify its continued place in the rulebook at regular intervals, rather than waiting for the industry to make the case, rule by rule, that a burden has outgrown its purpose. In every system, rules accumulate more easily than they retire; a standing presumption of review keeps the rulebook fit for the markets it serves. A platform that becomes simpler to use as the markets it connects become more open, would send a powerful signal to global decision-makers.

4. Unlock domestic capital across institutions, savers and individual investors.

4.1 **Insurance capital.** Hong Kong's insurers remain constrained in their ability to allocate to alternatives and private credit, notwithstanding the long-dated nature of their liabilities. Hong Kong already leads regional peers in this area, and others are studying its approach. The opportunity is to press the advantage: continue

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to sharpen the availability and the value proposition of alternative allocations for insurers, prudently calibrated, so that domestic institutional capital deepens the onshore ecosystem the Plan envisages.

4.2 The connection between insurance and our industry runs in both directions. Many of our members invest in insurance-linked securities, with catastrophe bonds a growing area, activity that speaks directly to the Plan's ambition for Hong Kong as an international risk management centre. We value our ongoing relationship with the Insurance Authority, commend the work it has done to grow this market, and encourage its continued development over the Plan period.

4.3 **Retirement savings.** We recognise that this consultation is not a review of the Mandatory Provident Fund. A five-year plan is, however, where direction is set. Retirement capital is long-horizon capital, and the direction of travel in defined contribution systems globally is towards measured access to private markets. A considered pathway for alternatives within the MPF, through professionally managed and appropriately diversified structures and with the safeguard’s retirement savings demand, would let Hong Kong's own savers share, prudently, in the strategies that the city's managers run, including, over time, Mainland-linked strategies carried by the very connectivity channels the Plan seeks to expand. Having built a regime that attracts the world's leading managers, this is the natural extension.

4.4 **Individual investors.** The same logic extends beyond retirement savings. Hong Kong is Asia's largest cross-boundary wealth management centre, and the growth of our industry globally is increasingly carried through wealth channels, in evergreen structures designed for individual investors. The Securities and Futures Commission has widened access in measured steps, and members value that record. We would encourage the Plan to commit to its continuation. The structures must work for the managers who originate these products, in authorisation pathways, fund vehicles and operating economics, because access exists only where products are created. Investor protection should be calibrated to enable innovation: suitability, liquidity management and disclosure standards that protect with confidence while leaving room for product design to evolve. And the test of the regime is the shelf: these products should be meaningfully offered in Hong Kong, not merely permitted, and, as cross-boundary wealth management channels develop, to investors on both sides of the boundary.

5. Technology: the backbone of the industry's advancement

5.1 Fund management is increasingly a technology business. Research, risk, execution and operations all now run on advanced tooling, and the frontier is moving quickly with artificial intelligence.

5.2 Hong Kong's managers must retain full access to first-class technology infrastructure and to the most capable artificial intelligence models and tools, wherever they are developed. An international financial centre cannot afford to fall behind for want of first-class tools. We would encourage the Plan to recognise this dependency explicitly: to commit to safeguarding managers' access to leading technology, and to support its adoption across the industry, so that Hong Kong's financial sector advances with the frontier rather than behind it.

6. Air connectivity worthy of an international financial centre

6.1 Part 2 rightly treats the aviation hub as part of Hong Kong's international proposition, and we offer one observation through a financial services lens. For international managers, allocators and their clients, impressions of Hong Kong begin before arrival, with the ease and cost of getting here.

6.2 Members report that fares on core financial-centre routes are materially higher than those of comparable international carriers, and note gaps in direct connectivity to emerging financial centres, India’s GIFT City being a current example. As the Plan pursues an expanded aviation network and new high-potential markets, we would encourage attention to the competitiveness of fares on the routes the financial services industry relies upon, and to direct links with the financial centres Hong Kong's industry increasingly works with.

7. Closing

7.1 Members' overall message is a positive one: Hong Kong’s direction is right, the recent record is strong, and the credibility is real. The suggestions above are offered to build on that position over the next five years.

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7.2 Hong Kong's fundamentals as a place to live and work also bear stating, because they are part of the financial centre's competitiveness. This is a city that is safe at any hour; where public services and infrastructure treat residents' time as valuable, from transport that runs to the minute to healthcare accessible within days; where the tax system is simple and low; where countryside covers some three-quarters of the territory within easy reach of Central; where the whole of Asia is a short flight away; and where the food culture has few equals anywhere. Managers can bring their best people to Hong Kong because their best people want to live in Hong Kong.

7.3 Hong Kong's truly distinctive proposition remains what it has always been: the superconnector, the one city where Mainland depth and global markets meet at full density, under a common law system, an open capital account and the institutional sophistication that both sides require. The Plan is an opportunity to state that proposition with confidence for the next five years. The alternative investment industry intends to grow with it.

7.4 AIMA would be pleased to support the Government throughout the Plan's finalisation and implementation, including by convening members, sharing comparative insight from the more than 60 countries in which we operate, and contributing to the design of the specific measures above.

We thank the Government for the opportunity to contribute and would be pleased to discuss any of the above.

Yours faithfully,

Michael Bugel	Kher Sheng Lee
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Co-Head of APAC	Deputy Global Head of Government Affairs

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